

1. INFORMATION SUMMARY

This section is only a summary of the salient information about the IPO and us and is extracted from the full text of this Prospectus. You should read and understand this section together with the whole Prospectus before you decide whether to invest in us.

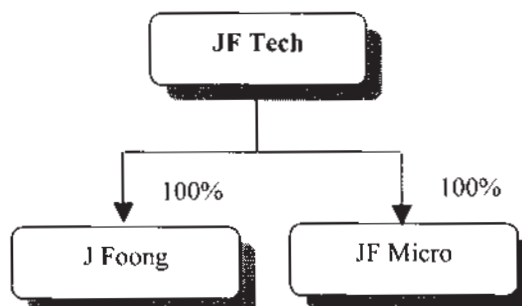
1.1 OVERVIEW OF OUR GROUP

Our Company was incorporated in Malaysia as a public limited company under the Act on 18 September 2006 under its present name. Our authorised share capital is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each, of which 91,208,000 Shares have been issued and fully paid-up as at the Latest Practicable Date.

We are principally involved in investment holding. The principal activities of our subsidiaries are as follows:

Subsidiaries	Date / country of incorporation	% effective equity interest	Issued & paid-up capital (RM)	Principal activities
J Foong	29.04.1999/ Malaysia	100.0	100,000	Manufacturing and trading of electronic products and components
JF Micro	14.12.2005/ Malaysia	100.0	200,000	Design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semiconductor and electronic assembly markets

Our Group's corporate structure is depicted as follows:



Please refer to Section 4 of this Prospectus for further details on the history and business overview of our Group.

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1. INFORMATION SUMMARY (Cont'd)

1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

The direct and indirect interests of our promoters, substantial shareholders, Directors, key management and technical personnel in our Company after the IPO as illustrated below are based on the assumption that their respective entitlements to the Pink Form Shares are fully taken up by the respective parties.

Designation	Before IPO			After IPO		
	Direct No. of Shares held	Indirect No. of Shares held	% held	Direct No. of Shares held	Indirect No. of Shares held	% held
Promoters						
Foong Wei Kuong	62,605,294	-	68.6	62,726,294	-	49.8
Wang Mei Ling	13,205,387	-	14.5	13,455,387	-	10.7
Substantial shareholders						
Foong Wei Kuong	62,605,294	-	68.6	62,726,294	-	49.8
Wang Mei Ling	13,205,387	-	14.5	13,455,387	-	10.7
Directors						
Foong Wei Kuong	62,605,294	-	68.6	62,726,294	-	49.8
Wang Mei Ling	13,205,387	-	14.5	13,455,387	-	10.7
Goh Kok Sing	-	-	-	75,000	-	*
Koay Kah Ee	-	-	-	300,000	-	0.2
Dato' Philip Chan Hon Keong	-	-	-	300,000	-	0.2
Key management and technical personnel						
Raymond Naik Erh	-	-	-	57,000	-	*
Mah Ying Hoe	-	-	-	60,000	-	*
Tan Chee Keong	-	-	-	43,000	-	*

Note:

* Negligible

Please refer to Section 5 of this Prospectus for further details on our promoters, substantial shareholders, Directors, key management and technical personnel.

1. INFORMATION SUMMARY (Cont'd)

1.3 FINANCIAL HIGHLIGHTS

1.3.1 Historical financial information

You should read the summary of our proforma financial data regarding our business for the past three (3) financial years ended 30 June 2007, four (4)-month financial period ended 31 October 2007 and the corresponding period ended 31 October 2006 that we have presented below together with Section 8.1 of this Prospectus. Our financial data summary is provided for illustrative purposes on the assumption that the existing group structure of our Group had been in existence throughout the financial years/periods under review.

	Financial year ended 30 June 2005 RM'000	Financial year ended 30 June 2006 RM'000	Financial year ended 30 June 2007 RM'000	Four (4)- month financial period ended 31 October 2006 (unaudited) RM'000	Four (4)- month financial period ended 31 October 2007 RM'000
Revenue	2,663	4,956	7,794	2,261	3,403
Gross profit	1,887	3,834	5,505	1,548	2,603
EBITDA	1,005	3,006	4,261	1,248	2,051
Interest income	-	-	17	-	11
Depreciation	(116)	(134)	(203)	(66)	(70)
Amortisation	-	-	(8)	(1)	(7)
Interest expense	(37)	(54)	(91)	(22)	(69)
PBT	852	2,818	3,976	1,159	1,916
Taxation	(235)	(565)	(165)	(17)	(24)
PAT	617	2,253	3,811	1,142	1,892
No. of our Shares assumed in issue ('000)	126,000	126,000	126,000	126,000	126,000
Gross profit margin (%)	70.86	77.36	70.63	68.46	76.49
Net profit margin (%)	23.17	45.46	48.90	50.51	55.60
Gross EPS (sen)	0.68	2.24	3.15	0.92	1.52
Net EPS (sen)	0.49	1.79	3.02	0.91	1.50

Notes:

- (i) The proforma consolidated income statements of our Group for the three (3) financial years ended 30 June 2007 and four (4)-month financial period ended 31 October 2007 have been prepared for illustrative purposes only and are based on the audited financial statements of JF Tech, J Foong and JF Micro after making such adjustments considered necessary assuming that our Group had been in existence throughout the financial years/period under review. The proforma consolidated income statements of our Group for the four (4)-month financial period ended 31 October 2006 have not been audited and have been prepared based on management accounts.
- (ii) The proforma consolidated income statements of our Group have been prepared on a basis consistent with those bases and accounting policies adopted by us and accounting policies previously adopted and disclosed in the audited financial statements of our subsidiary companies for the financial period ended 31 October 2007.
- (iii) There were no share of profits of associated company, joint ventures, exceptional items, extraordinary items and minority interests during the financial years/period under review.
- (iv) The gross profit margin is computed by dividing the gross profit by revenue earned in the respective financial years/period.
- (v) The net profit margin is computed by dividing the PAT by revenue earned in the respective financial years/period.
- (vi) Tax expense has been adjusted for any under or over provision of taxation in the respective financial years/period, where relevant.
- (vii) The proforma gross EPS is computed by dividing the PBT by the number of ordinary shares assumed in issue of 126,000,000 ordinary shares of RM0.10 each in our Company immediately after the Public Issue.
- (viii) The proforma net EPS is computed by dividing the PAT by the number of ordinary shares assumed in issue of 126,000,000 ordinary shares of RM0.10 each in our Company immediately after the Public Issue.

1. INFORMATION SUMMARY (Cont'd)

- (ix) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.
- (x) The proforma consolidated income statements have been prepared based on the audited income statement, after making such reclassifications as the management considered appropriate, for the relevant financial years to reflect fairly on the presentation of trading accounts to manufacturing accounts that the assembly and production activities had taken place since 2004. Accordingly, the effect of the change in presentation has resulted in adjustment to the cost of sales with the corresponding adjustments to administration expenses in financial years ended 30 June 2005 and 30 June 2006, as disclosed below.

Financial year ended 30 June	As previously stated RM'000	Reclassification RM'000	As restated RM'000
2005			
Cost of sales	720	56	776
Administration expenses	1,054	(56)	998
2006			
Cost of sales	696	233	929
Administration expenses	1,215	(233)	982

1.3.2 Proforma consolidated balance sheets

We have prepared our proforma consolidated balance sheets below for illustrative purposes only, based on the audited financial statements of JF Tech for the past four (4)-month financial period ended 31 October 2007, the audited financial statements of J Foong for the past four (4)-month financial period ended 31 October 2007 and the audited financial statements of JF Micro for the past four (4)-month financial period ended 31 October 2007, to show the effects of the Listing Scheme and the use of proceeds arising from the Public Issue on the assumptions that the transactions were completed on 31 October 2007. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the full set of the proforma consolidated financial information set out in Section 8.7 of this Prospectus.

	←-----Proforma -----→				
	As at 31 October 2007 (audited) RM'000	I After Share Split RM'000	II After I and Acquisitions RM'000	III After I, II and Public Issue RM'000	IV After I, II, III and Utilisation of Proceeds RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	-	-	4,082	4,082	8,787
Prepaid land lease payments	-	-	4,470	4,470	4,470
Product development costs	-	-	626	626	626
Goodwill on consolidation	-	-	58	58	58
	-	-	9,236	9,236	13,941
Current assets					
Inventories	-	-	587	587	587
Trade receivables	-	-	2,781	2,781	2,781
Other receivables, deposits and prepayments	2	2	808	808	808
Tax recoverable	-	-	10	10	10
Fixed deposit with a licensed bank	-	-	1,028	1,028	1,028
Cash and bank balances	*	*	1,444	15,361	5,678
	2	2	6,658	20,575	10,892
TOTAL ASSETS	2	2	15,894	29,811	24,833
EQUITY AND LIABILITIES					
Equity attributable to equity holders of our Company					
Share capital	*	*	9,121	12,600	12,600
Share premium	-	-	-	10,438	8,988
Retained earnings	(18)	(18)	891	891	891
TOTAL EQUITY	(18)	(18)	10,012	23,929	22,479

1. INFORMATION SUMMARY (Cont'd)

	As at 31 October 2007 (audited) RM'000	Proforma			
		I After Share Split RM'000	II After I and Acquisitions RM'000	III After I, II and Public Issue RM'000	IV After I, II, III and Utilisation of Proceeds RM'000
LIABILITIES					
Non-current liabilities					
Hire-purchase creditors	-	-	810	810	810
Term loans	-	-	3,671	3,671	143
Deferred tax liabilities	-	-	182	182	182
	-	-	4,663	4,663	1,135
Current liabilities					
Trade payables	-	-	188	188	188
Other payables and accruals	20	20	241	241	241
Hire-purchase creditors	-	-	493	493	493
Term loans	-	-	294	294	294
Tax liability	-	-	3	3	3
	20	20	1,219	1,219	1,219
TOTAL LIABILITIES	20	20	5,882	5,882	2,354
TOTAL EQUITY AND LIABILITIES	2	2	15,894	29,811	24,833
Net (liabilities)/tangible assets (RM'000)	(18)	(18)	9,328	23,245	21,795
Number of ordinary shares ('000)	^	#	91,208	126,000	126,000
Net (liabilities)/tangible assets per ordinary share of RM1.00 each (RM)	(9,000.00)	n/r	n/r	n/r	n/r
Net (liabilities)/tangible assets per ordinary share of RM0.10 each (RM)	n/r	(900.00)	0.10	0.18	0.17

Notes:

* Represents RM2.00

^ Represents 2 ordinary shares of RM1.00

Represents 20 ordinary share of RM0.10 each

n/r Not relevant

1.3.3 Auditors' qualification

The financial statements of our Group for the financial year ended 30 June 2005 were reported by our auditors then, Messrs S.P.Lec & Co., without any qualification for the financial years under review.

Our current auditors, Messrs BDO Binder, had reported the financial statements of our Group for the financial years ended 30 June 2006 and 30 June 2007, and four (4)-month financial period ended 31 October 2007 without any qualification for the financial years under review.

1.4 RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent our activities, are subject to the legal, regulatory and business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks set out below. The risks factors set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us. Please refer to Section 3 of this Prospectus for detailed information on the risks in investing in our Company.

1. INFORMATION SUMMARY *(Cont'd)*

- (i) Dependence on Major Customer
- (ii) Reliance on Semiconductor Industry
- (iii) Technological Changes
- (iv) Competition
- (v) Dependence on Key Personnel and Skilled Professionals
- (vi) Risk of Expansion into New Markets
- (vii) Protection of Intellectual Property Rights
- (viii) Availability of Skilled Human Resources
- (ix) Uncertainty in the Business Development Plan
- (x) Borrowing Risks and Restrictive Covenants
- (xi) Investment Risks
- (xii) Control by Promoters
- (xiii) General Economic, Political, Legislative and Social Conditions
- (xiv) Inadequate Insurance Coverage
- (xv) Profit Forecast
- (xvi) No Prior Market for Our Shares
- (xvii) Forward-Looking Statements
- (xviii) Delay or Failure to List

1.5 PRINCIPAL STATISTICS RELATING TO THE IPO

1.5.1 Share capital

	RM
<i>Authorised:</i> 250,000,000 Shares	<u>25,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus:</i> 91,208,000 Shares	9,120,800
<i>To be issued and credited as fully paid-up pursuant to the Public Issue:</i> 34,792,000 Shares	3,479,200
<i>Enlarged issued and fully paid-up share capital upon the Listing:</i> 126,000,000 Shares	<u>12,600,000</u>
<i>Market capitalisation</i> 126,000,000 Shares x Public Issue Price	50,400,000

1. INFORMATION SUMMARY *(Cont'd)*

1.5.2 Class of shares and ranking

We have only one class of shares in our Company namely ordinary shares of RM0.10 each. The Public Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up, including voting rights and rights to all dividends and distributions the entitlement date of which is subsequent to the date of their allotment.

Further information on the share capital of our Company is set out in Section 2.5 of this Prospectus.

1.5.3 Issue Price

The Issue Price for each Public Issue Share RM0.40

The factors taken into consideration in the pricing of the IPO Shares are set out in Section 2.6 of this Prospectus.

1.5.4 Proforma consolidated net tangible assets

Proforma consolidated net tangible assets as at 31 October 2007 (after taking into account the Public Issue and estimated listing expenses of RM1.45 million) (RM'000) 21,795

Proforma consolidated net tangible assets per Share (based on the enlarged share capital of 126,000,000 Shares) (RM) 0.17

Further information on the proforma net tangible assets of our Group is set out in Section 8.7 of this Prospectus.

1.5.5 Consolidated profit forecast

Financial year ending 30 June	Forecast 2008 RM'000
Revenue	<u>11,653</u>
Consolidated PBT	5,256
Less: Taxation	<u>(63)</u>
	5,193
Less: Pre-acquisition profit	<u>(3,086)</u>
Consolidated PAT attributable to our shareholders	<u>2,107</u>
 <i>Based on weighted average number of JF Tech Shares in issue of 48,671,977*</i>	
Gross EPS (sen)*	4.42
Net EPS (sen)*	4.33
Gross PE multiple based on the Issue Price per JF Tech Share (times)	9.05
Net PE multiple based on the Issue Price per JF Tech Share (times)	9.24
 <i>Based on the enlarged share capital of 126,000,000 JF Tech Shares in issue after the IPO</i>	
Gross EPS (sen)^	4.17
Net EPS (sen)^	4.12
Gross PE multiple based on the Issue Price per JF Tech Share (times)	9.59
Net PE multiple based on the Issue Price per JF Tech Share (times)	9.71

Notes:

Based on the assumption that the Public Issue is completed by 16 April 2008.

* *Computed by dividing the post-acquisition profit by the weighted average number of JF Tech Shares in issue of 48,671,977.*

1. INFORMATION SUMMARY (Cont'd)

[^] Computed by dividing the proforma profit (without adjustment for pre-acquisition profit) by the enlarged share capital 126,000,000 JF Tech Shares in issue after the IPO.

Further information on the consolidated profit forecast of our Group is set out in Section 8.7 of this Prospectus.

1.5.6 Dividend forecast

We do not intend to declare any dividend for the financial year ending 30 June 2008 as our Directors are of the opinion that it would be more beneficial for our Group to reserve excess cash flow for the expansion of our business operations. Nevertheless, our Directors will endeavour to declare dividends in the future, subject to the profitability of our Group for the relevant financial year, adequacy of reserves for the future growth of our Group and sufficiency of cash flows to meet any dividend payments.

1.6 USE OF PROCEEDS

The gross proceeds of RM13.92 million from the Public Issue accruing to the Company will be used in the following manner:

Purpose	Amount RM'000	
Part finance the acquisition of land and/or construction of factory	3,528	} Within 1 year from date of listing
Purchase of R&D equipment	2,055	
Purchase of manufacturing equipment	2,650	
Working capital*	4,234	
Estimated listing expenses*	1,450	
	<u>13,917</u>	

Note:

* The proceeds to be used for the working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount

Please refer to Section 2.7 of this Prospectus for further information on the use of proceeds.

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2. PARTICULARS OF THE IPO

2.1 INTRODUCTION

This Prospectus is dated 27 March 2008 and a copy of this Prospectus has been registered with the SC. We have also lodged a copy of this Prospectus, together with the application forms, with the ROC. Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed JF Tech Shares as a prescribed security. Therefore, we will deposit the JF Shares directly with the Bursa Depository. Any dealings in JF Shares will be carried out in accordance with the Central Depositories Act and the Rules of Bursa Depository. We will not issue shares certificates to successful applicants.

We have obtained approval from the SC for the listing of our Company on the MESDAQ Market of Bursa Securities on 14 November 2007. We have also obtained approval-in-principle from Bursa Securities on 13 February 2008 for our admission to the official list of the MESDAQ Market, permission to deal in and for listing of and quotation for the entire issued and paid-up share capital of our Company, including the Public Issue Shares which are the subject of this Prospectus, on the MESDAQ Market.

The approval of the SC and the admission to the MESDAQ Market is not an indication of the merits of our Company or that the SC recommends the IPO, and you should rely on your own evaluation to assess the merits and risks of our IPO.

Pursuant to the MMLR, at least 25% of our total issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 JF Tech Shares each upon completion of the IPO and at the point of admission to the MESDAQ Market. Upon completion of the IPO and at the point of admission to the MESDAQ Market, our Company is expected to have the necessary number of shareholders for our Company to be listed on the MESDAQ Market of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, our Company may not be allowed to proceed with our listing on the MESDAQ Market of Bursa Securities. In the event thereof, monies paid in respect of application for the Public Issue Shares will be returned in full without interest if the said permission for Listing is not granted six (6) weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC, provided that our Company is notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not returned in full within fourteen (14) days after we become liable to do so, then the provision of sub-section 243(2) of the CMSA shall apply accordingly.

JF Tech Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

You must have a CDS Account when applying for the Public Issue Shares. In the case of an application by way of Application Form, you should state your CDS Account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application or Internet Share Application, only an **individual who has a CDS account** can make an Electronic Share Application or Internet Share Application.

For an application by way of Electronic Share Application, an applicant shall furnish his CDS account number to the Participating Financial Institutions by keying in his CDS account number if the instruction on the ATM screen at which he enters his Electronic Share Application requires him to do so. In the case of an application by way of Internet Share Application, only an applicant who has an existing account with access to the Internet financial services facilities with the Internet Participating Financial Institution can make an Internet Share Application. The applicant shall furnish his CDS account number to the Internet Participating Financial Institution by keying in his CDS account number into the online application form. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

2. PARTICULARS OF THE IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, in any circumstance, and at any time constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

The distribution of this Prospectus and the IPO are subject to Malaysian laws. We and our advisers take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. We and our advisers have not taken any action to permit the public issue or the distribution of this Prospectus outside Malaysia. This Prospectus shall not be used for the purpose of an invitation to subscribe for the Public Issue Shares in any jurisdiction in which such invitation is not authorised or lawful or to any person to whom it is unlawful to make such invitation. We and our advisers require you to keep yourself informed of and to observe all such restrictions at your own expense and without liability to our advisers and us.

No JF Tech Shares will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.

You should rely on your own evaluation to assess the merits and risks of the IPO. In considering the investment, if you are in doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser.

2.2 INDICATIVE TIMETABLE

The following events are intended to take place on the tentative dates set out below:

Event	Tentative Date
Opening of Applications	27 March 2008
Closing of Applications	4 April 2008
Balloting of Applications	8 April 2008
Allotment of Public Issue Shares	11 April 2008
Despatch of notices of allotment to successful applicants	15 April 2008
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market of Bursa Securities	16 April 2008

The above timetable is only indicative and is subject to changes which may be necessary to facilitate implementation procedures. Our Directors and the Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for applications to a further date or dates. If the closing date of the application is extended, the dates for the despatch of notices of allotment and our listing will be extended accordingly. We will announce any extension of time on the closing date of application in a widely circulated English and Bahasa Malaysia newspapers within Malaysia.

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2. PARTICULARS OF THE IPO (Cont'd)

2.3 PURPOSE OF THE IPO

The purposes of the IPO are to:

- (i) enable us to gain access to the capital market to raise funds for future expansion and continued growth of our Group;
- (ii) provide an opportunity for our Directors, eligible employees and business associates who have contributed to our success as well as the investing public and institutions to participate in our continuing growth by way of equity participation;
- (iii) enhance our corporate profile which will increase our Group's future prospects; and
- (iv) obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the MESDAQ Market of Bursa Securities, which is expected to enhance our Group's stature and business in marketing of our products and services, and to retain and attract skilled employees.

2.4 DETAILS OF THE IPO

Our IPO, comprising of the Public Issue, is subject to the terms and conditions of this Prospectus and there will be no minimum subscription level for the Public Issue Shares.

The Public Issue is made at an Issue Price of RM0.40 per Issue Share, payable in full upon application, which will be allocated in the following manner:

(i) **Eligible Directors, Employees and Business Associates**

4,000,000 Public Issue Shares representing 3.17% of our enlarged issued and paid-up share capital are made available for application by our eligible Directors, employees and business associates who have contributed to our success.

The allocation of the Pink Form Shares to our eligible Directors, employees and business associates is determined at the discretion of our Board. The criteria for allocation of our Pink Form Shares to our eligible employees include seniority in ranking, length of service and performance merit. The allocation of Pink Form Shares to our business associates is based on the degree of their contribution to our success.

The Pink Form Shares will be allocated as follows:

(a) For eligible Directors of our Company:

Name	Designation	No. of Pink Form Shares
Foong Wei Kuong	Managing Director	121,000
Wang Mei Ling	Executive Director	250,000
Goh Kok Sing	Executive Director	75,000
Koay Kah Ee	Independent Non-Executive Director	300,000
Dato' Philip Chan Hon Keong	Independent Non-Executive Director	300,000

(b) As at the Latest Practicable Date, a total of 41 employees of our Group and our Directors listed above are eligible to subscribe for the allocation of an aggregate of 2,325,000 Pink Form Shares; and

2. PARTICULARS OF THE IPO (Cont'd)

(c) 12 business associates of our Group are eligible to subscribe for the allocation of an aggregate of 1,675,000 Pink Form Shares.

(ii) Malaysian Public

5,000,000 Public Issue Shares representing approximately 3.97% of our enlarged issued and paid-up share capital are made available for application by the Malaysian Public to be allocated via ballot.

(iii) Private Placement

25,792,000 Public Issue Shares representing 20.47% of our enlarged issued and paid-up share capital are made available for application by way of private placement to selected investors. Irrevocable undertaking has been obtained for the subscription of 4,390,000 Public Issue Shares and the remaining 21,402,000 Public Issue Shares are underwritten by Underwriter ("Underwritten Placement Shares").

Public Issue Shares which have been reserved for our eligible Directors, employees and business associates described in paragraph (i) above and not subscribed for by them ("Unsubscribed Shares") will be made available to other eligible employees. In the event that the Unsubscribed Shares are not fully taken up under the subsequent offer, the Unsubscribed Shares will be made available for application by the Malaysian Public described in paragraph (ii) and/or by way of private placement to selected investors described in paragraph (iii) above.

The unsubscribed portion of the Public Issue Shares under paragraph (i) above, Public Issue Shares under paragraph (ii) above and the Underwritten Placement Shares have been fully underwritten by the Underwriter. In the event of an overall under-subscription of our eligible Directors, employees and business associates in paragraph (i) above or Public Issue Shares reserved for Malaysian Public in paragraph (ii) above or the Underwritten Placement Shares, such Public Issue Shares not applied for will be made available for subscription by the Underwriter under the Underwriting Agreement dated 26 February 2008. Details on the brokerage, placement and underwriting expenses relating to the Public Issue are set forth in Section 2.8 of this Prospectus.

Clawback and reallocation

The allocation of Public Issue Shares under paragraph (i) above or paragraph (ii) above ("Public Ballot Portion") and the Underwritten Placement Shares ("Underwritten Placement Portion") is subject to adjustment. In the event of over-application in the Public Ballot Portion and a corresponding under-application in the Underwritten Placement Portion and/or unsubscribed portion under paragraph (i), the Public Issue Shares may be clawed back from the Underwritten Placement Portion and/or unsubscribed portion under paragraph (i) to the Public Ballot Portion. If there is an under-application in the Public Ballot Portion and a corresponding over-application in the Underwritten Placement Portion, the Public Issue Shares may be clawed back from the Public Ballot Portion to the Underwritten Placement Portion. The clawback and reallocation set out in this paragraph will not apply in the event of over-application in the Public Ballot Portion and Underwritten Placement Portion and a full subscription under paragraph (i) above.

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2. PARTICULARS OF THE IPO (Cont'd)

2.5 SHARE CAPITAL AND RIGHTS ATTACHING TO SHARES

	RM
<i>Authorised:</i>	
250,000,000 Shares	<u>25,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus:</i>	
91,208,000 Shares	9,120,800
<i>To be issued and credited as fully paid-up pursuant to the Public Issue:</i>	
34,792,000 Shares	3,479,200
<i>Enlarged issued and fully paid-up share capital upon the Listing:</i>	
126,000,000 Shares	<u>12,600,000</u>
<i>Market capitalisation</i>	
126,000,000 Shares x Public Issue Price	50,400,000

Class of shares and ranking

We have only one class of shares in JF Tech namely ordinary shares of RM0.10 each. The Public Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions the entitlement date of which is subsequent to the date of their allotment.

Subject to any special rights attaching to any shares that may be issued by our Company in the future, the ordinary shareholders of our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of liquidation of our Company, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Articles of Association of our Company.

At any of our general meetings, only the person who is registered as our shareholder shall be entitled to vote at any of our general meetings, in person or by authorised representative or proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by authorised representative or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may but need not be a member. In addition, a proxy need not be an advocate, an approved company auditor or a person approved by the ROC.

2.6 PRICING OF THE PUBLIC ISSUE SHARES

We, together with HwangDBS, as our Adviser, Underwriter, Placement Agent and Sponsor, have determined the Issue Price at RM0.40 per Public Issue Share, after taking into consideration the following factors:

(i) **Our financial and operating history**

We took into consideration our proforma Group's historical net EPS of 2.07 sen, computed based on the proforma consolidated PAT of approximately RM1.89 million for four (4)-month financial period ended 31 October 2007, the existing issued and paid-up share capital of 91,208,000 Shares and the historical net PE Multiple of approximately 19.32 times. Further details on our financial and operating history are described in Sections 4, 8 and 11 of this Prospectus.

2. PARTICULARS OF THE IPO (Cont'd)

(ii) Our earnings potential

We have also considered our Group's forecast net EPS of 4.12 sen, computed based on the forecast proforma consolidated PAT of approximately RM5.19 million for financial year ending 30 June 2008, the enlarged number of 126,000,000 Shares and the forecast net PE Multiple of approximately 9.71 times.

(iii) Prevailing market conditions

Inherently, the prevailing market conditions, which include amongst others, current market trends, investor sentiments, and subscription rates and valuation of recent initial public offering launches, were considered in pricing our Public Issue Shares.

(iv) Our proforma consolidated net tangible assets per Share

Our proforma consolidated net tangible assets per Share after the IPO and utilisation of proceeds of approximately RM0.17 based on the latest proforma consolidated net tangible assets as at 31 October 2007 of RM21.80 million and the enlarged issued and paid-up share capital of 126,000,000 Shares.

Prior to the IPO, there has been no trading market for our Shares within or outside Malaysia. You should note that the market price of our Shares upon and subsequent to the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares.

2.7 USE OF PROCEEDS

The gross proceeds of RM13.92 million from the Public Issue accruing to our Company will be used in the following manner:-

Purpose	Note	Amount RM'000	
Part finance the acquisition of land and/or construction of factory	(i)	3,528	} Within 1 year from date of listing
Purchase of R&D equipment	(ii)	2,055	
Purchase of manufacturing equipment	(iii)	2,650	
Working capital*	(iv)	4,234	
Estimated listing expenses*	(v)	1,450	
		<u>13,917</u>	

Notes:

* The proceeds to be used for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount.

(i) Part finance the acquisition of land and/or construction of factory

To facilitate future expansion and to further improve control and operational efficiencies, our Group has acquired a piece of land to house our new manufacturing facility. The new manufacturing facility will provide the much needed space for the expansion of production activities, more specifically, to accommodate for increased number of employees and to house new manufacturing equipment. Further, it will improve the competitiveness of our Group as one of the leading test probe solutions provider in the country.

To this end, our Group intends to allocate RM3.53 million to part finance the purchase of land and/or for the construction of our new manufacturing facility. The location of the land will be in Kota Damansara, Selangor. Our Group had on 19 April 2007 signed a SPA with PKNS to acquire the abovementioned land.

2. PARTICULARS OF THE IPO (Cont'd)

Before the receipt of proceeds from the Public Issue, part of the acquisition cost of land has been financed using bank borrowings while the construction cost may be financed using bank borrowings. Hence, any amount of bank borrowings used for the abovementioned purposes would be repaid using the proceeds from the Public Issue.

The utilisation of proceeds to part finance the aforesaid activities will decrease the borrowings required and hence result in interest savings for our Group of approximately RM0.03 million per annum, assuming an interest rate of 8% per annum.

(ii) Purchase of R&D equipment

An amount of approximately RM2.06 million will be allocated for purchase of R&D equipment. The purchase of R&D equipment is in line with the Group's continuous commitment to maintain and improve our product quality and consequently to capture a larger market share.

(iii) Purchase of manufacturing equipment

It is proposed that approximately RM2.65 million be allocated for purchase of manufacturing equipment for the expansion of product range and to cater for the increase demand for our Group's products.

(iv) Working capital

We plan to set aside RM4.23 million of the proceeds for the working capital requirement of our Group. It will be used to meet liquidity requirements and to finance operating expenses such as financing inventory and day-to-day operations cost.

(v) Estimated listing expenses

The expenses of our Public Issue are estimated to be RM1.45 million, broken down as follows:

	RM'000
<i>Professional fees</i>	740
<i>Fees payable to authorities</i>	74
<i>Advertisement and printing</i>	100
<i>Underwriting commission, brokerage and placement fee</i>	418
<i>Issuing house fees</i>	65
<i>Contingencies</i>	53
<i>Total estimated listing expenses</i>	<u>1,450</u>

Financial impact of the use of proceeds

- Increase in production volume

The additional floor space following the acquisition of land as detailed in (i) above, coupled with new manufacturing equipment, will enable our Group to increase our production capacity and capitalise an economies of scale, thereby enhancing our earnings.

- Expansion of product range

The product development initiatives are expected to result in expansion of product range offered by our Group to existing customer base as well as capture new customer base. Our Group is expected to be able to improve our competitive advantage and stimulate further growth prospects by the continuous funding of our R&D efforts.

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2. PARTICULARS OF THE IPO (Cont'd)

2.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

2.8.1 Brokerage

Brokerage is payable by us at the rate of 1% of the Issue Price of RM0.40 per Public Issue Share in respect of successful applications bearing the stamp of HwangDBS, a Participating Organisation, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or MIDFCCS.

2.8.2 Underwriting commission

The Underwriter has agreed to underwrite the 30,402,000 Public Issue Shares to be made available for application by the eligible Directors, employees and business associates of our Group, the Malaysian Public and the Underwritten Placement Shares. We will pay underwriting commission at the rate of 2% of the Issue Price per Public Issue Share.

2.8.3 Placement fees

Placement fee is payable by our Company in respect of up to 25,792,000 Public Issue Shares to be placed out by our Placement Agent at the rate of up to 2% of the Issue Price per Public Issue Share.

2.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

An underwriting agreement dated 26 February 2008 was entered into by HwangDBS and JF Tech, for the underwriting of 30,402,000 Public Issue Shares ("Underwritten Shares").

The following are the salient terms reproduced from the Underwriting Agreement:

2.9.1 The obligations of the Underwriter to underwrite the Underwritten Shares under this Agreement are conditional upon the following being satisfied on or before the Closing Date (or the Issue Date wherever specifically stated below):

- (a) The Underwriter being reasonably satisfied that:
 - (i) there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that provided in the Prospectus; and
 - (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 11 (Representations, Warranties and Undertakings) materially untrue or inaccurate or result in a material breach of this Agreement by the Company;
- (b) The Underwriter receiving a certificate in the form contained in Schedule 3 (Certificate) of this Agreement dated the Issue Date signed by all the Directors of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 11 (Representations, Warranties and Undertakings) of this Agreement;
- (c) The issue of the Prospectus not later than one (1) month from the date of this Agreement or such later date as the Underwriter and the Company may from time to time agree;
- (d) The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Public Issue with the SC and its lodgement with the ROC before the Issue Date;

2. PARTICULARS OF THE IPO (Cont'd)

- (e) The approval of SC and SC on behalf of FIC and MITI referred to in Clause 2.2 (Approvals) to the admission of the Company to the official list and the listing of and quotation for its entire issued and paid up share capital being obtained on terms acceptable to the Underwriter remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue has been completed) have been complied with;
 - (f) The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the Official List and its share capital be listed and quoted on the MESDAQ Market within three (3) months from the date of the Prospectus;
 - (g) The Underwriter being satisfied with the arrangements of the Company to pay the expenses referred to in Clause 10 (Fees and Commission);
 - (h) The Underwriter receiving a copy certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in form and substance acceptable to the Underwriter:
 - (i) approving the Issue Documents, this Agreement and the transactions contemplated by it;
 - (ii) authorising a person to sign and deliver this Agreement on behalf of the Company;
 - (iii) authorising the issuance of the Issue Documents;
 - (i) This Agreement being signed by all parties and stamped prior to the Issue Date;
 - (j) The Public Issue not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Public Issue and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market have been obtained and are in force or the Underwriter being reasonably satisfied that the same will be in force;
 - (k) The Underwriter being satisfied that the Company has complied with and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto;
 - (l) The Public Issue being approved by the shareholders of the Company in an extraordinary general meeting; and
 - (m) The Kuala Lumpur Composite Index not falling below 20% of the Kuala Lumpur Composite Index as at 5.00 p.m. on the Agreement Date for three (3) consecutive Market Days prior to the Closing Date.
- 2.9.2 In the event any of the conditions set out in Clause 6.1 (Details) is not fulfilled or complied to the satisfaction of the Underwriter by the Closing Date, the Underwriter shall be entitled to terminate this Agreement by notice given to the other party not later than the date of allotment and issuance of the Public Issue Shares, and in such event the provisions of Clause 14 (Termination) shall apply but without prejudice to the rights of the Underwriter under Clause 10 (Fees and Commission) of the Agreement.
- 2.9.3 Notwithstanding anything contained in this Agreement, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw their Underwriting Commitment if:

2. PARTICULARS OF THE IPO (Cont'd)

- (a) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 11 (Representations, Warranties and Undertakings), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company; or
- (b) there is failure on the part of the Company to perform any of its obligations contained in this Agreement; or
- (c) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Shares issued under the Public Issue; or
- (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or
- (e) there shall have occurred, or happened any of the following circumstances:
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction; or
 - (iii) any event or series of events beyond the reasonable control of the Underwriter including (without limitation) acts of government, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, earthquakes, tsunami, civil commotion, sabotage, acts of war or accidents which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares; or
 - (iv) The Kuala Lumpur Composite Index not falling below 20% of the Kuala Lumpur Composite Index as at 5.00 p.m. on the Agreement Date for three (3) consecutive Market Days prior to the Closing Date;

which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the listing of the Company on the MESDAQ Market or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- 2.9.4 Upon any such notice(s) being given pursuant to Clause 14.1 (Termination), the Underwriter shall be released and discharged of its obligations without prejudice to its rights under this Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitments pursuant to Clause 14.1 (Termination), this Agreement shall be of no further force or effect and no party shall be under any liability to any other party in respect of this Agreement, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 11 (Representations, Warranties and Undertakings) and under Clause 12 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 8.3.2 (Prospectus and Listing) for the payment of any taxes, duties or levies, and for any antecedent breach.

3. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent our activities, are subject to the legal, regulatory and business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

3.1 DEPENDENCE ON MAJOR CUSTOMER

An inherent characteristic of the semiconductor industry is that the semiconductor manufacturers are always developing new ICs continuously. Prior to the commercialisation of a new semiconductor device, the semiconductor manufacturers need to ensure that the new semiconductor package can be tested on a test handler. Without a suitable test solution, no matter how good the device is, it cannot be commercialised as each device needs to be tested for functionality at the end of the process before reaching their customers. This is when the semiconductor manufacturers work closely with the test handler manufacturers to develop suitable test solution for specific packages. The test handler manufacturers, such as SRM, in turn, form a symbiotic relationship with specialist test probes and test sockets design and development companies, like our Group, to produce a test handler, with the customised test probes and solution to address the requirements of the newly developed ICs. This relationship between the test handler manufacturers and the test probes and solution providers allow both components of the industry to realise the full benefits of specialisation, as the test handler manufacturers will be concerned with chip handling techniques which is to bring the newly developed ICs to be inspected and to the test site to be tested, whereas the concentration of the test probe and test socket manufacturers will be in areas such as mechanical, electrical and dimensional precision test solution reliability in line with the exact configuration of the newly developed ICs.

SRM is principally involved in the manufacturing of semiconductor testing equipments. SRM supplies high speed semiconductor test handler equipment to the semiconductor and electronics manufacturing industry and is now a world leader for test and inspection handlers with a global reach of sales and support offices in the US, Europe, China, Korea, Taiwan, the Philippines and Thailand (*Sources: SRM's filing reports with the Companies Commission of Malaysia and www.srm.com.my*)

SRM has historically contributed more than 60% of our Group's revenue, as set out below, and is expected to contribute significantly to our Group's revenue in the future:

	Financial year ended 30 June 2004 %	Financial year ended 30 June 2005 %	Financial year ended 30 June 2006 %	Financial year ended 30 June 2007 %	Four (4)-month financial period ended 31 October 2007 %
Contribution to Group's revenue	67.28	77.18	86.15	73.51	76.96

There is no long-term contract between our Group and SRM. Therefore, the lack of long-term contract between our Group and SRM may expose our Group to the risk of failure in securing any future orders or secure substantially reduced orders from SRM, both of which may have a material adverse financial impact on our Group.

Nonetheless, we recognise the said risk and are of the view that the said risk is mitigated by the following mitigating factors:

- (i) as set out in Section 15.6 of this Prospectus, JF Micro has entered into a Product Supply Agreement dated 3 January 2007 with SRM in order for JF Micro to supply products like the

3. RISK FACTORS (Cont'd)

test probes and test sockets to SRM for a period of three (3) years which is automatically renewable for another three (3) years upon expiry of the said period, if the Product Supply Agreement is not otherwise terminated;

- (ii) our Group's strategy to collaborate with SRM will allow both companies to be at the forefront in IC technology as well as provide SRM with a viable source for the consumable component in its test handlers. With the established business relationship between our Group and SRM over the past years resulting from good quality of our products and the ability of our Group to produce customised test solutions for them, the possibility of the abovementioned risks is mitigated;
- (iii) the existing users of SRM's machines will still need to source the test probes directly from test probe manufacturers, i.e. our Group in the unlikely event that SRM does not supply the test probes. This is due to the fact that the chip manufacturers who are currently utilising these types of machines will still require a constant supply of customised test probes in order to maintain its day-to-day operations. In addition, these test probes are consumable and most of them are customised and designed specifically for SRM's machines. These form a natural mitigating factor on the sustainability of the business of our Group;
- (iv) we have embarked on R&D to diversify our product range and hence capture a wider customer base. Our Group launched a new range of product, namely Lasak™ pins, in December 2006. The product has been tested by some of the potential customers and the responses are encouraging. The commercialisation of the aforesaid product will enable our Group to capture wider customer base as this product is marketed to a different group of customers. Besides, our Group plans to introduce new ranges of products over the next three (3) years as set out in Section 4.3.3 of this Prospectus; and
- (v) we intend to adopt more extensive marketing efforts, the details of which are set out in Section 10.2.2 of this Prospectus.

Whilst our Group will use our best efforts in diversifying our Group's customers base and hence revenue base, there can be no assurance that the aforesaid efforts will be able to mitigate the risk arising from dependence on major customer.

3.2 RELIANCE ON SEMICONDUCTOR INDUSTRY

Our business activities predominantly rely on the semiconductor industry, especially on the process of testing. The semiconductor industry has become increasingly cyclical, driven over the years by economic conditions and transitory technological advancement. Market growth and life cycles of end products have shortened, while technological advancements, characterised by greater integration complexities, the transition to submicron manufacturing and wider use of complex SoC have had an evolutionary impact on testing requirements.

Our Group seeks to minimise the risk of reliance on any particular industry for its earnings by continuing to emphasise on R&D activities. The Group believes that the competitiveness of its products lies in its ability to keep abreast with the forefront of advanced electronics technology. The successful development of new products from its innovations has created demand of our Group's products, and hence enabled our Group to achieve projected sales target.

3.3 TECHNOLOGICAL CHANGES

Our Group operates in an environment where our operations are exposed to risk of technological changes. The risks involved include the obsolescence of technology used and the ability of our Group to enhance our technological capabilities and respond to technological changes in manufacturing process in a cost effective and timely basis.

3. RISK FACTORS (Cont'd)

Our R&D department plays a vital role to ensure the technologies developed by us are in-line with the technological changes. We always strive to improve existing and develop new products through intensive R&D programme. We are confident that with our commitment to R&D activities, our Group will be able to keep abreast with development in technology.

3.4 COMPETITION

Even though, as at the Latest Practicable Date, we are a manufacturing company specialising solely in the manufacturing of cantilever type test probes in Malaysia, unlike the other manufacturing companies which are also involved in other business activities, our Group faces competition from foreign imports which are distributed locally. The impending trade liberalisation would not impact the business of our Group in view that the test probes imported are currently tax-exempt anyway.

Despite the apparent competition in the industry, our Directors are of the view that the high quality of products and services, price/cost advantage, strong R&D capabilities and long-term relationships with our suppliers and customers provide us with an edge over our competitors. In addition, we continuously strive to increase our marketing channels and product lines, as well as to emphasize on product differentiation and quality.

While we are constantly improving our operations to remain competitive, no assurance can be given that we will be able to maintain, or improve upon, our existing market position in the future.

3.5 DEPENDENCE ON KEY PERSONNEL AND SKILLED PROFESSIONALS

As with other businesses, we believe that our continued success depends to a certain extent upon the abilities and continued efforts of our existing Directors, key management and technical personnel. The loss of our Managing Director, Executive Directors and members of the key management and technical personnel could negatively affect our Group's continued ability to manage the operations effectively and competitively.

Our Directors recognise the importance of our Group's ability to attract and retain its key personnel. We have in place a human resource strategy, which includes proper hiring and promotion policies. We have also made continuous efforts to strategically develop a dynamic and strong management team and groom our personnel in assisting senior key personnel to operate and manage our activities. However, there can be no assurance that the above measures will be successful in retaining key personnel or ensuring a smooth transition should changes occur.

3.6 RISK OF EXPANSION INTO NEW MARKETS

Our Group's future results will substantially be dependent on market acceptance and ability of our new products developed and to be developed by us to meet the changing needs of the market. As set out in Section 10 of this Prospectus, we intend to venture into the manufacturing of fine pitch test probes for lead-free devices, pogo pins, test sockets and pogo pins for RF applications. However, under the present fast changing technology and market conditions, there is no assurance that our competitors will not develop new products or technologies in the near future that may shorten the product life cycle of our Group's new products or render them obsolete or no longer competitive in the market place.

To mitigate the above and remain competitive, our Group will use our best endeavours in carrying out R&D activities to develop and introduce new products in a timely manner in response to the fast changing market demand and customer requirements. However, there can be no assurance that our Group will not be affected by the new products introduced by other players within the same industry in which our Group operates.

3. RISK FACTORS (Cont'd)

3.7 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The success of our Group is to an extent dependent on the protection of trademarks and patents on the core technologies that we have developed over the years.

We have applied for the patent registration of the technology employed by us and also applied for the trademark registration of brand names used by us as set out in Section 4.3.5 in this Prospectus. In addition, we intend to apply for registration of them in various jurisdiction. This will allow our Group to initiate legal proceedings against parties deemed to have infringed upon our Group's proprietary rights. In addition, our Group has adopted necessary step to ensure that the technology used by our Group is restricted to and retained by the key personnel of our Group to avoid leakage of confidential information, which will affect the competitiveness of our Group. To further mitigate the risk, persons who have access to these information are required to sign confidentiality and non-disclosure agreements whereby they undertake not to disclose confidential information to third parties.

Notwithstanding the above, there can be no assurance that others will not independently obtain access to our Group's know-how or independently develop products or technologies similar to those of our Group, or that we will necessarily be successful in the application for registration of our property rights.

However, existing patent, copyright, trademark, trade secret laws and other intellectual and industrial property laws do not afford unlimited protection. In addition, apart from existing laws in Malaysia and those countries in which our Group carries on or intends to carry on business, remedies under such laws are subject to the vagaries of litigation. There can be no assurance that our Group will be able to protect our proprietary rights against unauthorised duplication of methods and application, any of which could have a material adverse impact on our Group's business.

3.8 AVAILABILITY OF SKILLED HUMAN RESOURCES

The manufacturing process of test probes involves a combination of automation using advanced computerised machines and manual processes in the final step, as it involves miniaturised component parts. These processes involve skilled workers. The performance of our Group may be jeopardised by the shortage of skilled workers and may suffer from production downtime, inferior product quality, failure in meeting delivery schedules and eventually loss of customers. As in any other industry, there is competition for highly skilled workers.

We recognise the importance of a comprehensive human resource plan to stay ahead in technological advancement. We subscribe to the belief of retaining knowledge and experience. In order to achieve an optimal retention rate among our staff and personnel, there is a series of both formal and informal on-the-job training to upgrade our staff within the organisation for their internal growth opportunities. Notwithstanding the above, there can be no assurance that our Group will be able to continue to recruit and retain skilled human resources.

3.9 UNCERTAINTY IN THE BUSINESS DEVELOPMENT PLAN

Our Group's three (3)-year business development plan will be dependent amongst others, upon our Group's ability to enter into strategic marketing arrangements on a timely basis and on favourable terms, to successfully develop and commercialise further applications of the technology via our R&D efforts, to hire and retain skilled management, to obtain adequate financing as and when needed and to successfully monitor our business growth.

Although our management is experienced in this industry and always committed to the development of our Group, there can be no assurance that our Group will be able to successfully implement our business development plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from our original

3. RISK FACTORS (Cont'd)

plans. In addition, the actual results may deviate from the said plan due to rapid technological and market changes, as well as competitive pressures.

3.10 BORROWING RISKS AND RESTRICTIVE COVENANTS

Our total borrowings based as at the Latest Practicable Date amounted to approximately RM5.01 million, all of which are domestic borrowings and interest-bearing. Please refer to Section 8.4 of this Prospectus for further information on our borrowings. As such, any additional borrowings and/or increase in interest rates may result in an increase in interest expense and affect the profitability of our Group. There can be no assurance that the interest rates will be maintained in the future and/or that any increase in our borrowings will not have a material effect on the performance of our Group.

Our credit facilities may also be subject to periodic review by the banks or financiers and contain certain covenants which may limit our operating and financial flexibility. Any act or omission by us that breaches such covenants may give rise to rights by the banks or financiers to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. This may in turn cause a cross default of other credit facility agreements. These covenants are commonly contained in credit facility agreements in Malaysia. There can be no assurance that our performance will not be adversely affected should we breach such covenants of any of our facility agreement.

3.11 INVESTMENT RISKS

We may from time to time invest in new equipment or new ventures which we believe to be beneficial to our business or is synergistic with our current operations. Although we exercise prudence in our decision-making, there is always the potential risk that the returns from these investments may have a longer payback period than expected or the investments may fail. Although we will mitigate our investment risks by exercising due care in the evaluation of our investments, there can be no assurance that all our future investments will yield positive returns and would not have any adverse material effect on our future financial performance.

3.12 CONTROL BY PROMOTERS

Upon completion of the Public Issue, our substantial shareholders, namely Foong Wei Kuong and Wang Mei Ling, who are the Promoters and our Managing Director and Executive Director respectively, will be collectively holding approximately 60.5% of our equity interest. They will emerge as the largest shareholders of our Company. As such they will be able to control the outcome of certain matters requiring the votes of our Company's shareholders unless they are required to abstain from voting and deliberating by law and/or the relevant authorities.

In compliance with the MMLR, our Company has appointed two (2) Independent Non-Executive Directors as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on an arms-length basis.

3.13 GENERAL ECONOMIC, POLITICAL, LEGISLATIVE AND SOCIAL CONDITIONS

As with any business, our business is not impervious to adverse developments in the economic, socio-economic, political, legislative and social conditions both on the domestic and international front, and/or other countries which we have and/or may have (in future) business links. Any adverse developments of such nature could materially and adversely affect our business, operations and financial performance. The political, economic and social uncertainties include, but are not limited to, the changes in political leadership, war, global economic downturn, expropriation, nationalisation, and unfavourable change in Government policy and regulations, including changes in foreign exchange rates and methods, taxation and exchange control restrictions. Our business is also vulnerable to certain

3. RISK FACTORS (Cont'd)

risks inherent in the industry in which we operate. We may be affected by entry of new players, constraints in skilled labour supply and increase in labour costs, changes in law, tax legislation, business and credit conditions.

We seek to mitigate these risks through prudent management policies, active R&D, securing and maintaining good business relationships with our customers and suppliers, expansion of our client base in the local market and effective human resource management. However, we cannot provide any assurance that our business and operations will not be adversely affected by any change in any of these environments.

3.14 INADEQUATE INSURANCE COVERAGE

We are aware of the unfavorable consequences arising from inadequate insurance coverage that could impair our business operations. In ensuring that such risks are minimised, we review and ensure adequate coverage for our assets on a continuous basis. At present, our Directors are of the opinion that we are adequately insured against unforeseen events such as fire, theft and burglary. Although we have taken the necessary steps to mitigate the risk of fire hazards, theft and burglary, there can be no assurance that the insurance coverage would be adequate for the replacement cost of our assets or any resulting loss arising from the damage or loss of our assets.

3.15 PROFIT FORECAST

This Prospectus contains a profit forecast of our Group that is based on assumptions, which our Directors believe to be reasonable, but which nevertheless is subject to uncertainties and is contingent in nature. Due to the inherent uncertainties of the profit forecast, and because events and circumstances frequently do not occur as expected, there can be no assurance that the profit forecast will be realised and actual results may be materially different from those shown. You will be deemed to have read and understood the assumptions for the profit forecast that are contained in this Prospectus.

3.16 NO PRIOR MARKET FOR OUR SHARES

Prior to this IPO, there has been no public market for our Shares. The Issue Price of RM0.40 per Public Issue Share was determined after taking into consideration several factors, including but not limited to, our financial and operating history and conditions, our future plans and prospects and the future prospects of the industry in which we operate, the proforma consolidated NTA per Share and the prevailing market conditions. The price at which our Shares would trade on the MESDAQ Market of Bursa Securities after the IPO may be influenced by a number of factors, including the liquidity of the market for our Shares, changes in securities analysts' estimates of our financial results or recommendations and the perception of investors of us. Therefore, there can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the MESDAQ Market of Bursa Securities upon or subsequent to our Listing, or that an active market for our Shares will develop and continue upon or subsequent to our Listing. The price at which our Shares will be traded may be higher or lower than the Issue Price.

3.17 FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied by such forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are

3. RISK FACTORS *(Cont'd)*

reasonable at this point in time, there can be no assurance that such expectations will prove to be correct.

3.18 DELAY OR FAILURE TO LIST

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of our Listing:

- (i) the Underwriter exercising its rights under the Underwriting Agreement and discharging itself from its obligations thereunder;
- (ii) the identified investors fail to subscribe for the portion of the Public Issue Shares to be placed to them under the private placement; and
- (iii) we are unable to meet the public spread requirement, that is, at least 25% of the issued and paid-up share capital of the Company be held by a minimum number of 1,000 public shareholders (including employees).

In the event our Company may not be allowed to proceed with our listing on the MESDAQ Market of Bursa Securities, monies paid in respect of application for the Public Issue Shares will be returned in full without interest if the said permission for Listing is not granted six (6) weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC, provided that our Company is notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not returned in full within fourteen (14) days after we become liable to do so, then the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Although our Directors will endeavour to ensure compliance by our Company of the various listing requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities for our successful listing, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of our listing.

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4. INFORMATION ON OUR GROUP

4.1 HISTORY AND BUSINESS

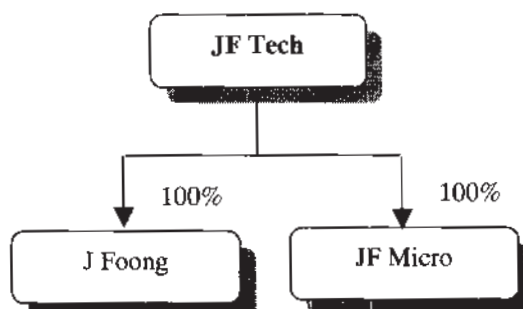
4.1.1 JF Tech

Our Company was incorporated in Malaysia as a public limited company under the Act on 18 September 2006 under its present name. It was established to become the investment holding company of J Foong and JF Micro in conjunction with the listing of our Company on the MESDAQ Market.

We are presently an investment holding company. The principal activities of our subsidiaries are as follows:

Subsidiary	Date / country of incorporation	% effective equity interest	Issued & paid-up capital (RM)	Principal activities
J Foong	29.04.1999 / Malaysia	100.0	100,000	Manufacturing and trading of electronic products and components
JF Micro	14.12.2005/ Malaysia	100.0	200,000	Design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semiconductor and electronic assembly markets

Our Group's corporate structure is depicted as follows:



Share capital

Our present authorised share capital is RM25,000,000 comprising 250,000,000 Shares. Our issued and paid-up share capital is RM9,120,800 comprising 91,208,000 Shares as at the Latest Practicable Date. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Cumulative issued and paid-up capital RM
18.09.2006	2	1.00	Subscribers' shares	2
18.01.2008	20	0.10	Share split (1:10)	2
18.01.2008	91,207,980	0.10	Shares issued pursuant to the Acquisitions	9,120,800

Our issued and paid-up share capital would subsequently be increased to RM12,600,000 comprising 126,000,000 Shares with the issuance of 34,792,000 Public Issue Shares at an issue price of RM0.40 per Public Issue Share.

4. INFORMATION ON OUR GROUP *(Cont'd)*

4.1.2 Our Group

Our management has identified a fast-growing niche sector in the semiconductor industry; the manufacture of test probe that is critical to the testing phase of the semiconductor industry.

The history of our Group can be traced back to the incorporation of J Foong on 29 April 1999 by Foong Wei Kuong, in response to an identified market need, with a staff force of three (3) personnel and rented space of approximately 700 square feet. Having supplied made-to-order replacement test probes to several local IC chip test handlers and semiconductor test houses, he was aware of where the semiconductor test market was headed and what was needed to get there. He realised that local semiconductor houses and test handler makers were looking for more reliable and better performance test probes as well as the localisation of their supply source as almost all semiconductor test probes were imported, and set about to fulfill the niche requirement.

J Foong has come a long way from its maiden product, the single pin cantilever test probe; which is a high precision wire-cut metal plate in 2000. Over the years, J Foong has improved on the test probe design, to accommodate the requirements of testing increasingly complex but smaller IC chips. The resultant design innovations have culminated in the production of G2 Kelvin test probes that can address the testing pitch as small as 0.35 mm.

With innovative foresight, our Group is positioning ourselves in an optimum position to leverage on the next biggest emerging technology; mobile telecommunications, audio-visual and information delivery. The platform for application of this technology will be IC devices that utilise radio frequencies, microwave and other forms of wireless media of communication and delivery, such as portable video-phones, pocket computers and mobile audio-visual entertainment devices. These devices will be powered by smaller but more complex chips such as the MLF chips.

Due to this, it is envisaged that the growth in demand for IC chips will be exponential to fuel the expected demand in consumer electronics. In turn, this will result in an increase in demand for test solutions targeted at IC chips, solutions that can process high volume testing with accuracy as well as with better tolerances.

As a testament of our commitment to continuously improve the quality of our products, J Foong attained the ISO 9001:2000 certification on 20 August 2004 for design and assembly of test contactors for semiconductor application.

On 14 December 2005, JF Micro was incorporated, to focus our Group's innovative efforts to produce more advanced test solutions to address the future needs of the developing semiconductor market. A competent R&D team supported by in-house R&D facilities will ensure continuous improvement on products currently available in the market as well as produce cutting edge worldwide quality microelectronics devices.

JF Micro will also showcase the innovative probe-socket technology approach, developed in-house, to provide integrated and customised test solutions for application to more sophisticated IC chips. The probe-socket technology will result in quicker response but more accurate test solutions, as further elaborated in the ensuing sections below.

Our Group has an office and fully functional production facility at a 9,206-square feet area in locations as detailed in Section 4.3.16. The receipt of the Pioneer Status certification for high technology company by JF Micro on 26 January 2007 is recognition of our management's commitment to R&D in the field of advanced test probes. Further, in financial year ending 30 June 2008, our Group was awarded the Emerging SMEs under the Golden Bull Award 2007, Enterprise 50 Award Programme 2007 and SME Rising Stars Award 2007 respectively.

4. INFORMATION ON OUR GROUP (Cont'd)

4.2 LISTING SCHEME

As an integral part of the Listing, our Company undertook the following listing scheme, which was approved by the relevant authorities as follows:

- (i) SC on 14 November 2007; and
- (ii) MITI on 9 October 2007.

In addition, Bursa Securities had, vide its letter dated 13 February 2008, granted its approval in-principal for our Listing.

Our Listing Scheme entails the following:

4.2.1 Share Split

On 18 January 2008, our Company undertook a subdivision of every one (1) existing ordinary share of RM1.00 each in JF Tech into ten (10) ordinary shares of RM0.10 each in JF Tech. Consequently, the issued and paid-up capital of JF Tech is RM2 comprising twenty (20) ordinary shares of RM0.10 each in our Company.

The twenty (20) JF Tech Shares rank pari passu in all respects amongst themselves.

4.2.2 Acquisitions

(i) Acquisition of J Foong

On 9 July 2007, JF Tech entered into an SSA with the shareholders of J Foong for the acquisition of 100,000 J Foong Shares representing the entire equity interest in J Foong for a purchase consideration of RM3,017,998, fully satisfied by the issuance of 30,179,980 new JF Tech Shares at an issue price of RM0.10 per JF Tech Share.

The purchase consideration of RM3,017,998 for the Acquisition of J Foong was arrived at on a willing buyer-willing seller basis based on a PE Multiple of 2.15 times over the audited PAT of J Foong for the financial year ended 30 June 2006 of RM1,406,174.

The consideration shares in JF Tech issued pursuant to the Acquisition of J Foong were allotted to the vendors of J Foong in the following manner:

Vendors of J Foong	No. of shares held in J Foong		No. of consideration shares in JF Tech	
		%		%
Foong Wei Kuong	69,999	70.0	21,125,684	70.0
Wang Mei Ling	13,500	13.5	4,074,297	13.5
Foong Mei Leng	1	*	302	*
Wan Wei Yee	16,500	16.5	4,979,697	16.5
Total	100,000	100.00	30,179,980	100.00

Note:

* Negligible.

The 30,179,980 new JF Tech Shares issued rank pari passu in all respects with the existing JF Tech Shares in issue except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the date of allotment thereof. The Acquisition of J Foong was completed on 18 January 2008.

4. INFORMATION ON OUR GROUP (Cont'd)

(ii) Acquisition of JF Micro

On 9 July 2007, JF Tech entered into an SSA with the shareholders of JF Micro for the acquisition of 200,000 JF Micro Shares representing the entire equity interest in JF Micro for a purchase consideration of RM5,482,800, fully satisfied by the issuance of 54,828,000 new JF Tech Shares at an issue price of RM0.10 per JF Tech Share.

The purchase consideration of RM5,482,800 for the Acquisition of JF Micro was arrived at on a willing buyer-willing seller basis based on a PE Multiple of 6.64 times over the audited PAT of JF Micro for the financial year ended 30 June 2006 of RM826,038.

The consideration shares in JF Tech issued pursuant to the Acquisition of JF Micro were allotted to the vendors of JF Micro in the following manner:

Vendors of JF Micro	No. of shares held in JF Micro		No. of consideration shares in JF Tech	
		%		%
Foong Wei Kuong	140,000	70.0	38,379,600	70.0
Wang Mei Ling	22,000	11.0	6,031,080	11.0
Kok Kean Loon	19,000	9.5	5,208,660	9.5
Low Wan Choon	19,000	9.5	5,208,660	9.5
Total	200,000	100.0	54,828,000	100.00

The 54,828,000 new JF Tech Shares issued rank pari passu in all respects with the existing JF Tech Shares in issue except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the date of allotment thereof. The Acquisition of JF Micro was completed on 18 January 2008.

(iii) Acquisition of Properties

On 9 July 2007, JF Tech entered into the following SPAs:

- (a) SPA with Foong Wei Kuong and Wang Mei Ling for the acquisition of a freehold intermediate office lot, known as Parcel No. 84, Storey No. 4, Building No. M1-A, on Lot No. 42440, within Pekan Cempaka, District of Petaling, State of Selangor, held under Strata Title Geran 46496/M1-A/4/84, and having a postal address of No. 5-4, Block E2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan for a purchase consideration of RM360,000, to be fully satisfied by the issuance of 3,600,000 new JF Tech Shares at an issue price of RM0.10 per JF Tech Share; and
- (b) SPA with Foong Wei Kuong and Wang Mei Ling for the acquisition of a 3+1 – bedroom condominium, known as Parcel No. PS-10B-T, Type: Tiara, Storey No. Nine, Building No. Princess Wing, Tiara Kelana, erected on part of land held under Master Title H.S.(M) 6689, P.T. 131, Mukim of Damansara, District of Kelana Jaya (now within District of Petaling), State of Selangor, together with Accessory Parcel No. A3-11 of Building No. Block A, and having a postal address of No. 1002, Block A, Tiara Kelana Condominium, No. 1, Jalan SS7/19, Taman Sri Kelana, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan for a purchase consideration of RM260,000, to be fully satisfied by the issuance of 2,600,000 new JF Tech Shares at an issue price of RM0.10 per JF Tech Share.

The total purchase consideration of RM620,000 was to be fully satisfied via the issuance of 6,200,000 new JF Tech Shares to Foong Wei Kuong and Wang Mei Ling at an issue price of

4. INFORMATION ON OUR GROUP (Cont'd)

RM0.10 per JF Tech Share. The Acquisition of the Properties was completed on 18 January 2008.

The 6,200,000 new JF Tech Shares issued rank *pari passu* in all respects with the existing JF Tech Shares in issue except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the date of allotment thereof.

Upon completion of the Acquisitions, the issued and paid-up share capital of JF Tech increased from RM2 comprising 20 JF Tech Shares to RM9,120,800 comprising 91,208,000 JF Tech Shares.

4.2.3 Public Issue

In conjunction with our Listing, we will implement a public issue of 34,792,000 new JF Tech Shares at the issue price of RM0.40 per Public Issue Share.

Upon completion of the Public Issue, the issued and paid-up share capital of JF Tech will increase from RM9,120,800 comprising 91,208,000 JF Tech Shares to RM12,600,000 comprising 126,000,000 JF Tech Shares.

The 34,792,000 new JF Tech Shares to be issued pursuant to the Public Issue, which represents 27.61% of the enlarged share capital of JF Tech, are to be issued to the following parties:

- (i) 5,000,000 JF Tech Shares representing 3.97% of the enlarged share capital of JF Tech will be reserved for application by Malaysian citizens, companies, co-operatives, societies and institutions;
- (ii) 4,000,000 JF Tech Shares representing 3.17% of the enlarged share capital of JF Tech will be reserved for eligible employees, Directors and business associates of the JF Tech Group; and
- (iii) 25,792,000 JF Tech Shares representing approximately 20.47% of the enlarged share capital of JF Tech will be placed to investors by the placement agent(s) through a private placement exercise.

The 34,792,000 new JF Tech Shares to be issued pursuant to the Public Issue will rank *pari passu* in all respects with the existing JF Tech Shares in issue except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the allotment thereof.

4.2.4 Listing

Thereafter, we will seek admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM12,600,000 comprising 126,000,000 JF Tech Shares on the MESDAQ Market.

4.3 BUSINESS OVERVIEW

4.3.1 Principal activities

Our Group is principally involved in manufacturing and trading of electronics products and components. Currently, we are engaged in the design, development, custom manufacture and sale of cantilever type test probes.

4.3.2 Principal products

The principal product of our Group is semiconductor test probe. The culmination of the innovative efforts of our Group has conceptualised in the following product offerings:

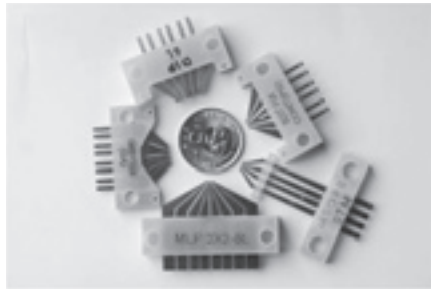
4. INFORMATION ON OUR GROUP, (Cont'd)

(i) G2 Kelvin test probes

A Kelvin test probe consists of double probes and is typically used for sensitive resistance measurements at analogue/mixed applications. The advantage of a Kelvin test probe over a non-Kelvin test probe is that the use of the double probes will provide a reference, thus delivering a more accurate test result. Currently Kelvin test probes are the most efficient test solution for the MLF package.

The G2 Kelvin test probe represents a significant innovation over the G1 Kelvin test probe in terms of miniaturisation. The G2 Kelvin test probe has a microscopic gap of as small as 35 microns between the probes.

As at the Latest Practicable Date, our Group produces 268 models of G2 Kelvin test probes, to cater for the testing of chips with different power requirements, size and contact leads per side. These chips require test solutions with differing pitch, contact force and specific electrical requirements.



G1 Kelvin test probes



G2 Kelvin test probes

Size comparison between the G1 and G2 Kelvin test probes

(ii) Tungsten test probes

Tungsten test probes have contact points that are usually made from materials, which exhibit both electrical conductivity as well as high melting point characteristics, such as tungsten alloys. The proliferation of new generations of densely-packaged, high Amp IC devices, run at high levels of current and temperature that are unattainable from copper-based test probes. The solution is to encase the tip of a test probe with a harder material like tungsten, thus allowing the test probes to function at a higher current and temperature. Most of the new generation tungsten test probes can handle test current in excess of 150 Amp or more.



Tungsten test probes

As at the Latest Practicable Date, we offer 196 models of tungsten test probes to the market.

4. INFORMATION ON OUR GROUP *(Cont'd)*

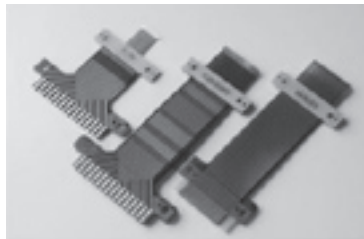
(iii) Moulded test probes

Moulded test probes are Kelvin pins used with clamping mechanism, housed in a plastic injection moulded body. The plastic housing allows for easy placement of the test probe for better alignment and hit-rate in each test cycle.

Moulded test probes are also another solution for testing SOT discrete chips, specific to a certain test handler manufacturer, and are hence rather large as compared to the G2 Kelvin test probes. As at the Latest Practicable Date, we supply 11 types of moulded test probes currently.

(iv) MH test probes

MH test probes are Kelvin-type test probes with the pins embedded in a flexible circuit. The contact pins in this model are longer, measuring about 25 mm in length and are made to flex to fit into the test station. As at the Latest Practicable Date, there are 8 types of MH test probe models under our Group's product offering.



MH test probes

(v) Single pins

Single pins are individual wire-cut metal plates measuring approximately 10 mm to 35 mm in length, used as test probes. The disadvantage of this type of test solution is the longer downtime required to replace each single worn out test probe individually.



Single pins

As at the Latest Practicable Date, there are 225 types of single pins being manufactured by our Group for the market.

(vi) SC70/SOT probes

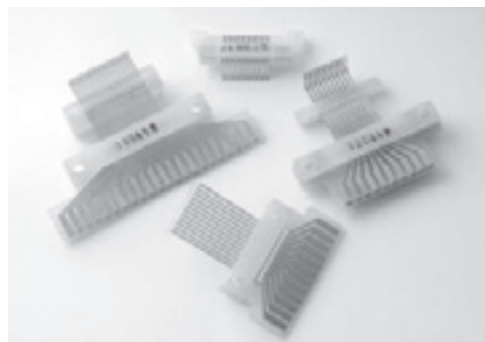
SC70/SOT probes can be Kelvin or non-Kelvin probes, which are manufactured with a plastic housing to allow better alignment of the probe to device under test and PCB. These probes are used as a test solution for SOT chips for certain specific test handlers.

As at the Latest Practicable Date, there are 11 models of SC70/SOT test probes being offered by our Group.

4. INFORMATION ON OUR GROUP *(Cont'd)*

(vii) TESEC (G10) test probes

TESEC (G10) test probes are another type of Kelvin test probes. However this model is manufactured to test the older SOP-type chips, which are substantially bigger than the MLF chips. Hence by size comparison, the TESEC (G10) probe is even bigger than the G1 Kelvin test probes for the MLF chip package. The TESEC (G10) probes have a pitch of approximately 0.65 to 1.27 mm.



TESEC (G10) test probes

As at the Latest Practicable Date, we have 5 models of TESEC (G10) test probes in production for the market.

(viii) Lasak™ pins

Lasak™ pins are a proprietary asset of our Group. Our Group has filed the patent application for Lasak™ pins in four (4) countries, namely Malaysia, China, the Philippines and US.

The Lasak™ pin has a novel and innovative profile that allows it to be used to test even in instances of excessive moulding or flashes. Excessive moulding occurs when the moulding process produces ICs with one or more sunken leads; whereas flashes occur when there is protrusion on the chip housing that creates a raised edge at one or more sides of a lead. These instances will render a “fail” result in conventional cantilever pins. The narrower profile at the contact edge of the Lasak™ pin allows for better contact and expands the product offering to semiconductor manufacturers.

As at the Latest Practicable Date, there are 10 types of Lasak™ pins being manufactured by our Group for the market.

4.3.3 New products development

In order to maintain market competitiveness, our Group is always at the forefront of the latest development in modern technologies associated with electrical test solutions, specifically test probe-socket technology. Heavy investment into R&D will ensure that the test probes produced will meet world-class standard and acceptance.

As part of our product development plan to widen our product offerings and cater to more stringent customers' requirements, our Group plans to introduce the following products over the next three (3) years.

(i) Fine pitch test probes for lead-free devices

The European Union has enacted legislation to prohibit the use of lead in electronics manufacturing. In this region, China, Japan and South Korea are also phasing out the use of lead in manufacturing, and many global electronics manufacturers are requiring their suppliers to certify that their company's products will support their lead-free initiatives. Lead is toxic

4. INFORMATION ON OUR GROUP *(Cont'd)*

and is recognised as one of the most significant environmental health threats to humans. The global electronics industry has started to move towards reducing the use of hazardous substances, before local or global regulations came into force.

With the announcement of lead-free initiatives across several countries, the implementation of lead-free electronic packaging is gaining momentum globally. A vast number of back-end service providers are trying to implement this, with each packaging technology being compatible with industry lead-free solders. This gives end users the flexibility to utilise and meet their needs.

The European Union has also enforced a new ruling on "green" guideline in the Waste from Electrical and Electronics Equipment Directive 2002/96/EC. This guideline outlines the responsibilities of both producers and exporters for the treatment, recovery and disposal of electrical and electronics equipment.

(Source: Independent Market Research Report by D&B)

As an environmentally aware organisation, we are studying the use of suitable materials for testing lead-free devices, in anticipation of the future adoption of such standards in the local region.

(ii) Pogo pins

A pogo pin is a test probe consisting of a barrel, which houses a micro spring; connecting a plunger and a contact point. The length of the pogo pin ranges from approximately 2 mm to 20 mm. Pogo pins are the only viable test solution for testing matrix pad configurations such as BGA and CSP. The BGA package is widely used as memory modules for personal computers, electronic signboards, etc.

The pogo pin is expected to further expand the market for our Group due to its applicability in a variety of fields in addition to testing of BGA packages, such as wafer level test evaluation and substrate tests. Wafer level test evaluation and substrate tests are conducted during the wafer fabrication process to test for defects in the chip while it is still in wafer form.

(iii) Test sockets

A socket is a housing, made from advanced polymer, which holds test probes. Due to the various test applications available in the industry, the test sockets must be able to exhibit characteristics of accurate power measurement in high thermal conditions, deliver exceptional signal fidelity in high frequency applications and have the ability to withstand many insertions with minimal compromise to accuracy of measurement whilst being least obtrusive to the monitoring/test apparatus.

Utilising CAD tools, including 3D mechanical modelling, JF Micro will develop high-quality test sockets for BGA, DIMM, MLF, QFP as well as RF packages.

Currently, the test sockets to be produced will be low-profile, high frequency and high reliability sockets, designed to ensure excellent contact and first pass yields.

The production of test sockets will allow our Group to realise the full potential of its market, by expanding its test solution offering to encompass test probes, test sockets and probe-and-socket array.

4. INFORMATION ON OUR GROUP (Cont'd)

(iv) Test probes for RF chips

RF chips are the new generation chips that will power the current slew of portable telecommunications devices that utilise radio frequencies as a media of delivery of information. These chips run at a higher bandwidth as compared to the current models of chips that utilise the existing test probes of our Group, up to 2 GHz as compared to a few hundred MHz. The probes required for testing these types of chips have to be shorter in length, to prevent parasitic interference.

The R&D efforts of our Group will be focused to come up with innovative profiles for its test probes to cater for the testing of these RF chips.

4.3.4 Technology

Our Group realises its unique position of being the leading Malaysian-owned test probe manufacturer in the country. Our Group employs specific in-house developed technology for our manufacturing methodology. Such manufacturing methodology is one of its competitive advantages. Our Group utilises several technologies such as unique manufacturing process and proprietary hardware.

The success of our Group's unique manufacturing methodology is evidenced by its acceptance as a preferred supplier of well-established global market leaders in the semiconductor industry, such as SRM, a Malaysian-owned company and Ismeca Malaysia Sdn Bhd, a Swiss-owned company.

Through our years of experience in the field, our key management has devised a systematic but thorough approach to reduce the size of its test probes to a microscopic level of tolerance. This is established through a system of specially manufactured jigs to shape the probes at a tolerance level of as small as 35 microns. Due to the high level of miniaturisation, the final assembly of these probes is conducted manually, being too delicate for automated operations. The design and development of these high precision jigs are computer-aided and are also developed in-house.

A case in point is the G2 Kelvin test probes produced by our Group, which has achieved a microscopic gap between the two (2) probes that is finer than the human hair. A typical strand of human hair ranges from 50-80 microns and the typical gap of the G2 Kelvin test probe is 35 microns. The need for the gap is to prevent short-circuit of the probes as well as to achieve the required alignment between the probes and the contact point of the IC.

The unique methodology enables our Group to achieve micro-tolerance not visible to the naked human eye. The test probes produced by our Group has the ability to match and in the case of the G2 Kelvin test probe, to better the existing products in the market.

This characteristic of the industry relies heavily on manual assembly, as automated processes cannot achieve the manufacturing process without damaging the manufacturing of test probes.

4.3.5 Patents and trademarks

As at the Latest Practicable Date, J Foong, our wholly-owned subsidiary company, has applied for the following patents and trademarks:

Patent/ Trademark	Filing Date	Filing Number	Country	Status and Remarks
Lasak™	17.08.2006	06014679	Malaysia	The trademark application has been duly filed. In a letter dated 21 September 2007, the Registrar of Trade Marks ("ROT") had objected to the registration of the trade mark on the basis that the trade mark was

4. INFORMATION ON OUR GROUP. (Cont'd)

Patent/ Trademark	Filing Date	Filing Number	Country	Status and Remarks
				not in accordance with Sections 10(1)(c), (d) and (e) of the Trade Marks Act 1976 ("TMA"). In a letter dated 16 November 2007, J Foong had, via its trade mark agent responded to each of the ROT's objection and requested that the application to register the trade mark be allowed to proceed on the grounds that the trade mark satisfy the requirements for registrability under Section 10(1) of the TMA. The reply from the ROT is currently pending.
Testmore™	17.08.2006	06014678	Malaysia	The trademark application has been duly filed. In a letter dated 11 June 2007, the ROT had objected to the registration of the trade mark on the basis that the trade mark was not in accordance with Sections 10(1)(c), (d) and (e) of the TMA. In a letter dated 8 August 2007, J Foong had, via its trade mark agent responded to each of the ROT's objection and requested that the application to register the trade mark be allowed to proceed on the grounds that the trade mark satisfy the requirements for registrability under Section 10(1) of the TMA. The reply from the ROT is currently pending.
An improved contact for interconnect system	05.09.2006	PI200664086	Malaysia	The patent application has been duly filed in Malaysia. The patent agent had on 14 February 2007 duly filed the request for substantive examination. The patent application is currently pending substantive examination at the Malaysian Patent Registration Office.
An improved contact for interconnect system	08.11.2006	1-2006-000525	The Philippines	The patent application had been duly filed in the Philippines. A formality report was issued by the Philippines Intellectual Property Office ('PIPO') on 29 January 2007 and the patent agent had filed the necessary responses to PIPO. The patent

4. INFORMATION ON OUR GROUP (Cont'd)

Patent/ Trademark	Filing Date	Filing Number	Country	Status and Remarks
				agent is in the midst of filing in the request for substantive examination.
An improved contact for interconnect system	17.02.2007	2007100841613	China	The patent application had been duly filed in China. The patent agent is in the midst of filing in the request for substantive examination.
An improved contact for interconnect system	26.04.2007	11/796,527	US	The patent application has been duly filed in the US and is currently pending examination at the US Patent Office.

J Foong, our wholly-owned subsidiary company, owns the domain name www.jfoong.com.my.

Save for the above, we currently do not hold any franchises from any third party nor any trademarks or patents registered with the Malaysian authorities. We constantly identify and assess the risk of our intellectual property.

4.3.6 R&D

R&D objectives

The objectives of our R&D activities are to:

- (i) provide a means to sustain and grow the business through the proliferation of new products. The main focus of the R&D activities will be to create new and innovative test solutions to address the current demand. These activities will expand the product lines of our Group, enabling our Group to tap into new markets as well as increase its coverage of the existing markets. A case in point will be the planned development of pogo pins, which will enable our Group to tap into the test solutions for chip packages with matrix pad configuration;
- (ii) create competitive advantage for our Group through significant value-adding to meet market demands. Efforts will be expended to improve existing manufacturing processes in terms of production units, production quality and cost efficiency. These will increase the internal value-add in our Group's process, which can be passed on to end-users; and
- (iii) increase profitability through proprietary and niche products. Our Group intends to embark on a branding programme as well as establish proprietary products to sell to the market. As a start the LasakTM pins are a proprietary product that has significant performance advantage as well as cost advantage to our customers.

The R&D policies of our Group are in-line with our product development strategy and optimise the development of strategic own-brand products.

R&D strategies

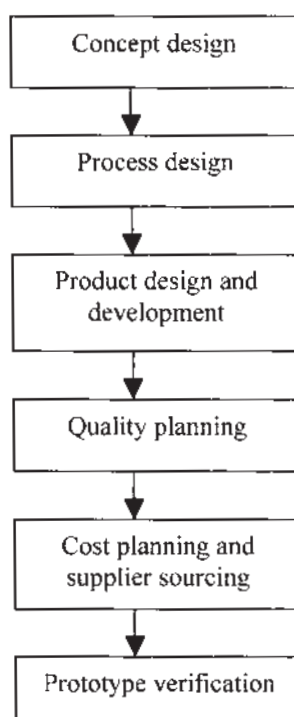
In order to achieve our Group's R&D objectives, the following strategies will be adopted:

- (i) strengthen the innovative capability of our Group, via the increase in headcount of technical personnel supported by high technology facilities and equipment;

4. INFORMATION ON OUR GROUP (Cont'd)

- (ii) provide adequate resources to ensure R&D work is carried out continuously, even on existing product lines via the integration of R&D expenses into the budget of our Group;
- (iii) focus and develop on the probe-socket technology to allow more optimal and customisable test solutions to be developed that will address the test requirements in line with the technology of the IC; and
- (iv) establish strong strategic technology partnerships with major test handler manufacturers for cooperative technology development opportunities. Our Group has targeted this segment of our users on the basis that the test handler makers are at the forefront of the latest in IC development technology, as the testing phase is a critical phase in the manufacturing process. Hence, there is a win-win synergy to the relationship between test probe manufacturers and test handlers, due to the fact that the test probe is the heart of the testing phase. This strategy will expose our Group to the latest development in IC technology, whilst allowing both parties to leverage on their core competencies to provide an optimal test solution.

R&D process



(i) Concept design

Concept design is initiated when:

- (a) sales enquiry is received for a new product; or
- (b) an in-house innovation is initiated by Chief Technical Officer and/or Managing Director in response to market intelligence.

Product technical specifications and requirements form the major input for this phase of the R&D process. Where the clients originate the new product development request, the Operations Manager will conduct the necessary interviews to document in detail the relevant specifications.

4. INFORMATION ON OUR GROUP *(Cont'd)*

A technical report is prepared based on these specifications by the Chief Technical Officer or Operations Manager. The technical report will be used to generate a concept for the preliminary product design. The concept will reside in a CAD software form at this stage of the process. The engineering model will incorporate the proposed dimensions of the product to be manufactured.

(ii) Process design

Based on the concept design, a proposed process flow to actualise the concept designs into a physical prototype will be prepared. The proposed manufacturing process to be adopted can be extracted or modified from the existing workflows from the company database. Relevant adjustments might be made to the workflows to customise it to the new products to be produced.

The main objective of this phase is to ensure a planned manufacturing procedure in order to minimise wastage in the manufacturing process, as well as to ensure that the end-product manufactured is practical and useable.

The process flow will also incorporate the jigs, manufacturing equipment as well as testing equipment that will be required to manufacture the product.

(iii) Product design and development

The proposed process flow along with the technical report will undergo a functional review; a walkthrough to determine its relevance. The walkthrough will ensure the types and sequence of jigs and equipment placed into the process. At this stage, raw material specifications will be drawn up. This stage will also feature a review of the raw material requirements for the manufacturing process.

At this stage, a technical and manufacturing risk profile will be drawn up based on the results of the functional review. The management relies on the risk profile to determine if the risks can be mitigated and the manufacturing process can be carried out in practice with reasonable cost.

(iv) Quality planning

As elaborated in the earlier sections, the industry is characterised by low tolerance to failed products. Additionally, the ISO 9001:2000 certification requires a built-in quality-driven approach to our Group's manufacturing process.

Our Group places a quality planning focus into our R&D process to facilitate the quality assurance work subsequently to be performed in the manufacturing process. The focus of this phase will be on quality of raw materials to be used, reliability and consistency of the process in itself and a failure analysis study on the products manufactured; as well as the mitigating steps to be taken to address the issues in these areas.

A control plan will be instituted for product validation, incoming materials quality control and finished goods quality control.

(v) Cost planning and supplier sourcing

This is the concept-to-prototype stage of the R&D phase. The output from this phase directly impacts the feasibility of the manufacturing process, and most likely determines the unit cost of manufacturing. The raw material, jig and process requirement will be quantified into cost. Raw material supplier sourcing will be performed at this stage too. The cost of manufacturing data will be compiled into a report for use in the manufacturing process.

4. INFORMATION ON OUR GROUP (Cont'd)

If feasibility can be established, prototyping will commence.

(vi) Prototype verification

Prior to commercial manufacturing of a test probe, our Group employs prototyping to ensure that the manufactured test probes are physically viable to produce. The prototype represents the first tangible model of the desired test probe and is produced in limited numbers to prevent possible wastage from producing a non-functioning probe. The prototype will be subject to physical and dimensional verification in accordance to the desired specification data generated from the design and development stage.

The prototype then undergoes various reliability tests to ensure consistent performance in relation to the following parameters, electrical, precision and mechanical. These tests also provide useful data in relation to the tolerance range of the prototype and the subsequent manufacturing model with regard to the parameters.

Sensitive equipment is employed to provide the most accurate data collection and measurement. Electrical reliability tests the power range in which the test probe can still function.

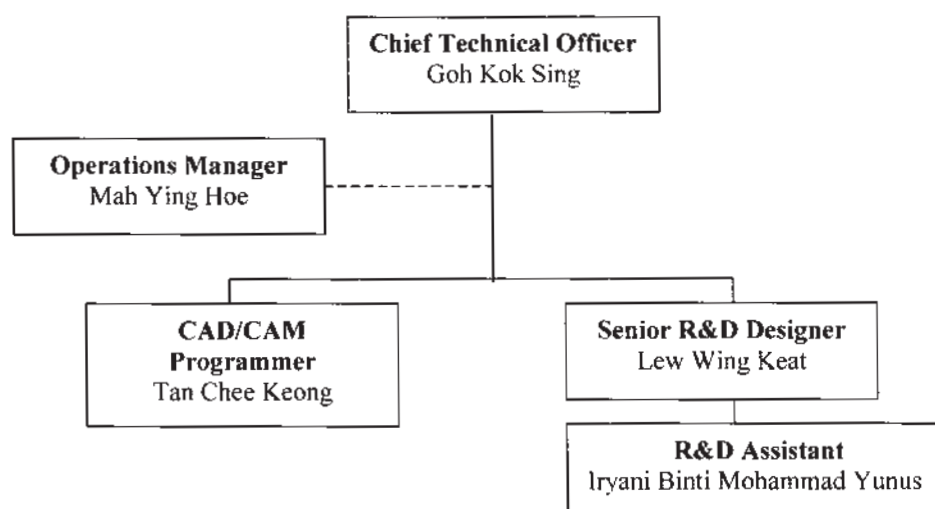
Precision reliability collates data on the consistency of the “pass” or “fail” result over time.

Mechanical reliability tests provide data on the mechanical integrity of the prototype after repeated use as well as the “stretching point” of the test probe.

As data from these tests are micro-tolerant, the equipment employed are highly sensitive in nature, such as low impedance measurement meters, the micro hardness tester and the optical profile projector; which greatly assist in this process.

R&D personnel involved

The key members of our R&D team are highlighted in the organisation chart below:



Our Group maintains a dedicated R&D and technical team, which currently consists of five (5) personnel and led by the Executive Director of our Group, Goh Kok Sing. Goh Kok Sing is assisted by the Operations Manager, Mah Ying Hoe, and the CAD/CAM Programmer, Tan Chee Keong. All of them possess vast experience in the field, with Goh Kok Sing having more than twenty (20) years and the other two (2) key technical personnel having more than ten (10) years working experience in related industry respectively. Please refer to Sections 5.2.1 and 5.4.1 of this Prospectus for further details on their profiles.

4. INFORMATION ON OUR GROUP (Cont'd)

R&D resources

Our Group's R&D is currently housed in No. 29-1 and 29-2, Block F2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor, with an approximate built-up area of 3,175 square feet. Our Group's R&D department is equipped with sufficient R&D facilities that are used to assess, analyse and test the properties of the test probes. As at the Latest Practicable Date, some of the R&D equipment utilised by our Group are set out below:

R&D equipment	Usage
Dynascope Projector	For measurement of dimension.
Smartscope Dimension Checking Machine	For dimension checking.
"PRITIC" Deburring and Polishing Machine	For deburring and polishing.
Tekronix Digital Storage Oscilloscope	For RF testing.
Carbolite Oven	For material hardening.
Heating Machine	For material heating.
Accu Mac Precision Press Machine	For jigs forming.
Accu Mac Bending and Shearing Press Machine	For metal cutting.
Quadra Check – 200 Dimension Checking Machine	For dimension checking.
Autocad 2004 Full Package	For design purposes.
SolidWorks Office Pro 2007 3D CAD	For 3D modeling purposes.
Electromagnetic Micro Testing Machine	For endurance testing.
Shimadzu Hardness Tester	For material hardness testing.
Precision LCR Meter E4980A 2Mhz	For electric properties checking.
Laser Welder	For welding purposes.
Semi Auto Grinding Machine	For grinding of materials.
Eurotech Metallography Specimen Grinding and Polishing Machine	For micro sectioning purposes.
Mitsubishi Wire Cut EDM	For pogo pins prototyping.
"Fanuc" Brand Robodrill Machine	For test sockets prototyping.
Nikon CNC Video Measuring System	For measurement purposes.
High Temperature Oven	For curing of adhesive.

In addition, as detailed in the Section 3.1 of this Prospectus, our Group works closely with SRM, to develop suitable test probes and solution to address the requirements of newly developed ICs, which in turn need to be tested for functionality by the test handler manufactured by SRM. Our Group has developed some of our existing range of products by collaborating the design and development efforts with SRM, including G2 Kelvin test probes, tungsten test probes, single pins and SC70/SOT probes and etc.

With the R&D facilities owned and on-going collaborative arrangement with SRM, coupled with our dedicated R&D team's continuous effort to carry out our R&D plan, our Board is of the opinion that the current and planned R&D resources for future product development are adequate.

R&D milestones

Summarised below are our R&D milestones since we commenced business:

Financial year ended 30 June	Product name	Description/Improvement
2001	Single pins	Maiden product, consisting of wire-cut metal plate test probes.

4. INFORMATION ON OUR GROUP (Cont'd)

Financial year ended 30 June	Product name	Description/Improvement
2002	G1 Kelvin pins	First generation of G1 Kelvin type pins, for testing SOT chip packages with a pitch of 0.95 mm to 1.27 mm. In addition it is easier to use comparatively.
2003	G1 Kelvin pins	Reduction in scale of G1 Kelvin pins, allowing for test probes that address finer pitch of 0.5 mm.
2006	G2 Kelvin pins	An innovative spatial repositioning of the leads in the test probes, to cater for the finer footprint of the devices to as fine as 0.35 mm; for smaller MLP and QFN chips.
2007	Moulded pins	Test solutions catering for the SOP chip packages. This product comes with a plastic housing that assists in the accurate placement and alignment of the contact pins to the test probe array.
2007	Lasak™ pins	A short length test probe developed for testing RF type chips that generally run at a higher bandwidth.

R&D plan and pipeline/Present status of R&D

Products	Process/technology involved	Expected commencement date of R&D	Anticipated commercialisation date
		Financial year ending 30 June	Financial year ending 30 June
Test probes for lead-free devices	<ul style="list-style-type: none"> Assembly process guided by in-house developed jigs Use of suitable base materials for testing lead-free packages 	2008	2008
Pogo pins	<ul style="list-style-type: none"> Automated manufacturing of components Assembly process guided by in-house developed jigs 	2008	2009
Test sockets	<ul style="list-style-type: none"> Automated manufacturing of components Assembly process guided by in-house developed jigs 	2008	2010
Test probes for RF chips	<ul style="list-style-type: none"> Automated manufacturing of components Assembly process guided by in-house developed jigs 	2009	2010

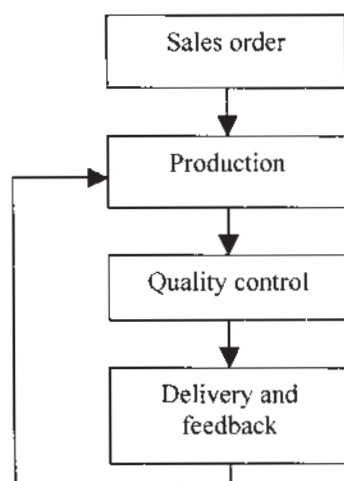
4. INFORMATION ON OUR GROUP (Cont'd)

R&D expenditure

The amount spent by our Group on R&D (including personnel cost and investment in R&D equipment) over the past three (3) financial years are as follows:

	Financial year ended 30 June 2005	Financial year ended 30 June 2006	Financial year ended 30 June 2007	Four (4)-month financial period ended 31 October 2007
Amount spent on R&D (RM'000)	199	762	539	692
Amount spent as a percentage of revenue (%)	7.47	15.38	6.92	20.33

4.3.7 Manufacturing process



Our Group's process flow chart for test probe products is as follow:

(i) Sales order

The production flow is initiated by a sales order.

(ii) Production

Once a product has been identified for manufacturing, the product will be entered into a manufacturing planning schedule for planned manufacturing. Activities that occur in this flow process are material preparation, which includes cutting of materials, jig preparation and the actual assembly process.

Our Group employs a unique system of jigs to aid in the manual assembly process inherent in the industry. The jigs reduce the margin of error for manufacturing within tolerances that is not visible to the naked eye. This unique methodology is further elaborated in Section 4.3.4 of this Prospectus.

Presently we manufacture an average of 200 pieces of various types of test probes with one shift per day, which is approximately 70% of our capacity per shift. Should the need arise, we are able to extend our capacity to another shift per day. We do not foresee any constraints on our manufacturing capacity.

4. INFORMATION ON OUR GROUP *(Cont'd)*

(iii) Quality control

All products manufactured will be:

- (a) tested utilising the latest highly sophisticated instruments designed for testing of test probes and test sockets; and
- (b) marked using a high technology designed laser-marking system. It utilises laser beam for engraving/printing wordings/logo on each of the manufactured test probe for identification purposes.

(iv) Delivery and feedback loop

Products are shipped to customers by courier, to ensure a secure and quick delivery. The Customer Service department, under direct monitoring by the Operations Manager and the Managing Director, provide a feedback line from the customers to the manufacturing process. This will ensure the fulfilment of the quality objective as well as the quality assurance commitment of our Group.

4.3.8 Source and availability of raw materials

The main raw materials used in our manufacturing process is copper and special alloy. We obtain most of the raw materials through distributors in Singapore. With long-term relationships and mutual trust with our suppliers, our Group has not in the past experienced any difficulty or disruptions in production due to difficulty in procuring materials. In the event that our Group is unable to source the raw materials from our main suppliers, we will have other readily available alternate suppliers to meet our raw materials requirements.

The price of the raw material is based on prevailing market prices which are affected by market forces from time to time. However, the said fluctuation does not have a material impact on the manufacturing costs.

4.3.9 Industry's reliance on and vulnerability to imports

The main raw materials used in the test probe industry are copper, stainless steel, palladium, gold, silver, rhodium and tungsten. Basically these metals are already commoditised in the market. Due to the generic nature of the raw materials which are easily available in the market, a test probe manufacturer in the industry can easily switch its suppliers of raw materials. In other words, there are very little switching costs involved.

(Source: Independent Market Research Report by D&B)

In view of the above, we are confident that the industry's reliance on and vulnerability to these imports does not pose significant threat to our Group.

4.3.10 Quality assurance

The industry is characterised by high sensitivity to failures. As such, quality control is critical to the production process, as our Group will be benchmarked against world-class quality test probes manufactured by foreign competitors. Realising this factor, we have sought to incorporate quality control into our production process, by formally adopting the methodology as ascribed by ISO, in line with the receipt of the ISO 9001:2000 certification by J Foong for its design and assembly of test contactors for semiconductor application process from SGS United Kingdom Ltd on 20 August 2004. We will also apply for a similar accreditation for our manufacturing process in JF Micro.

It is the policy of our Group to provide our customers with high quality products and on-time delivery. As such, all products manufactured will be tested utilising sophisticated instruments before delivering.

4. INFORMATION ON OUR GROUP (Cont'd)

4.3.11 Principal markets

The products of our Group are offered to three (3) main categories of customer segments:

(i) Test handler manufacturers

These consist of some of the biggest manufacturers of test handlers in the world, which are located in Malaysia and whose products are exported worldwide. To offer competitive packages, these manufacturers offer after sales service, which include the provision of supply of test probes and test sockets that are used by their machines.

However, the test handler manufacturers tend to contract the manufacturing of test solutions to specialists like our Group, to leverage on the competitive advantage that comes from specialisation. Some of the customers of our Group distribute test handlers to chip manufacturers all over the world, indirectly providing the products of our Group worldwide coverage.

(ii) Semiconductor chip manufacturers

This segment comprises some of the largest semiconductor chip manufacturers, who are also residing in Malaysia. Malaysia houses some of the world's major semiconductor manufacturing facilities, and the demand from this sector form a significant market. Some of the customers of our Group are MNCs residing in Malaysia. These companies have distribution networks that are worldwide in coverage and are credible names in the industry.

(iii) Distributors

Our Group also intends to proliferate our products regionally. To achieve the necessary product penetration effectively and cost efficiently, we leverage on the expertise of local distribution network via the appointment of sales distributors within the countries targeted. The strategic rationale to utilise this mode of distribution will minimise the cost of product proliferation in foreign markets. The first direct overseas market secured for our Group is Singapore. For the financial year ended 30 June 2007, approximately 5.21% of the total revenue contributed by export sales to Singapore.

4.3.12 Mode of marketing/distribution

Currently our Group's marketing activities are carried out by certain of its key management to local market, including test handler manufacturers and semiconductor chip manufacturers and indirectly through distributors to overseas market by certain of its key management. Besides, the Group currently utilises two (2) distributors.

4.3.13 Interruptions in operations

We have not experience any disruption in business which has a significant effect on our operations for the twelve (12)-month period prior to the date of this Prospectus.

4.3.14 Information on employees

As at the Latest Practicable Date, we have a total of fifty-two (52) employees, a Managing Director and two (2) Executive Directors, none of whom are foreign employees or contractual/temporary employees. None of our employees belong to any union and they enjoy a good relationship with our management. There has not been any industrial dispute in the past between our employees and management. The total number of employees with the breakdown into categories and length of service as at the Latest Practicable Date are as follows:

4. INFORMATION ON OUR GROUP (Cont'd)

Categories of staff	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
Directors	-	1	-	2	3
Managerial and professional	2	2	-	1	5
Technical and supervisory	4	-	6	-	10
Clerical and related occupations	1	1	2	-	4
Factory Workers:					
- Skilled	3	3	4	-	10
- Non-skilled	17	2	1	-	20
	27	9	13	3	52

We provide a series of continuous training and development programmes for our employees, which include in-house workshops to update all employees on the new developments in the industry. Our employees receive technical and operational training from our Group's senior personnel. The main objective of our training and development programme is to keep our staff informed about recent developments in technology and manufacturing techniques hence, further encourage overall productivity and efficiency.

In addition, our Group also engages external training centers and associations to conduct seminars and workshops to identify, evaluate and manage risks, to enhance management quality and increase the competency level of our employees. The types of external programmes that our staff have participated in the past include the following:

Training programmes	Consultant
"ISO 9001:2000 Internal Quality Auditing"	Novo Quality Services/ SGS (Malaysia) Sdn Bhd
"Step by Step in 5S Implementation"	National Productivity Corporation
"AutoCAD 2004 – Level 1, 2 and 3"	Autodesk Asia Private Limited
"Understanding Technical Drawing"	FMM Institute of Manufacturing
"Certificate in Human Resource and Industrial Relations"	FMM Institute of Manufacturing
"Corporate Training on AutoCAD 2006 – Level 1, 2 and 3"	Segi College
"Braze Welding and Brazing Course"	FMM Institute of Manufacturing
"Advanced Quality Assurance and Quality Control Inspector"	SMI Asia
"Lean Manufacturing Training"	Sheffieldconsulting
"Production and Operations Management"	FMM Institute of Manufacturing
"Master Class Human Resource Department, Operation & Administration Support"	SMI Asia
"Excellence in Manufacturing"	FMM Institute of Manufacturing
"Solidworks Essentials course in Solidworks 2007"	IME CAD/CAM Training Centre
"Basic NC Programming Course in Mastercam X2 Mill"	IME CAD/CAM Training Centre

4.3.15 Key achievements or milestones

Summarised below are our key achievements/milestones:

Financial year ended/ending 30 June	Events
2000	Commercialisation of single pins
2001	Commencement of sales to SRM

4. INFORMATION ON OUR GROUP (Cont'd)

Financial year ended/ending 30 June	Events
2002	Commercialisation of G1 Kelvin pins
2003	Commencement of sales to overseas through distributor
2004	<ul style="list-style-type: none"> Received ISO 9001:2000 accreditation Expanded manufacturing floor space from approximately 700 square feet to approximately 1,700 square feet via reallocation of manufacturing plant
2006	<ul style="list-style-type: none"> Commercialisation of G2 Kelvin pins Commercialisation of tungsten pins Shifted the manufacturing process via the acquisition of new properties with a total manufacturing floor space of approximately 3,175 square feet
2007	<ul style="list-style-type: none"> Commercialisation of moulded pins Commercialisation of Lasak™ pins Converted previous manufacturing floor space of approximately 3,175 square feet for R&D facility Rental of factory with a total manufacturing floor space of approximately 4,000 square feet to cater for the expected increase in manufacturing capacity to meet with future demand Entered into a SPA dated 19 April 2007 with PKNS to acquire a 92,783-square feet land in Kota Damansara, Selangor for future expansion
2008	<ul style="list-style-type: none"> Awarded the Emerging SMEs under the Golden Bull Award 2007 as organised by Nanyang Siang Pau Awarded the Enterprise 50 Award Programme 2007 by Small and Medium Industries Development Corporation (SMIDEC) Awarded the SME Rising Stars Award 2007 by SMI Association of Malaysia

4.3.16 Location of operations, principal assets and production facilities

The location of our Group's operations, principal assets and production facilities are as follows:

No.	Address	Function	Approximate built-up area (square feet)
1.	No. 5-4, Block E2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan	Headquarters	1,711
2.	No. 29-1, Block F2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan	R&D facilities	1,453
3.	No. 29-2, Block F2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan	R&D facilities	1,722

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Address	Function	Approximate built-up area (square feet)
4.	No. 11-A, Jalan SS26/15, Taman Mayang Jaya, Light Industrial Park, Mukim Sungai Buloh, Daerah Petaling	Manufacturing facilities	4,320

4.3.17 Competitive advantages

Our Directors believe that our Group has the following distinct advantages over our competitors:

(i) Quality products

The clientele base of our Group consists of MNCs. These companies practice strict adherence to stringent quality policies and only accept supplies from reliable suppliers, which meet these world class standards.

We understand that the continued acceptance of our test solutions is dependent on our ability to assure the quality of our devices. Hence management has ensured that our production processes are of the highest standard and has stringent quality control procedures are observed. The commitment of our management to quality assurance is exemplified by our obtaining the ISO 9001:2000 certification for the design and assembly of test contactors for semiconductor application process in J Foong.

(ii) Geographical and cost competitive advantage

Our Group will maximise on our cost dynamics by producing our test probes locally. By housing our manufacturing facilities in Malaysia, our Group can take advantage of the competitive operating cost infrastructure that Malaysia offers, including lower labour, transportation and operating costs.

Additionally, its geographical close proximity to some of the world's major semiconductor and test handler manufacturers in the world gives our Group the ability for faster response time as well as a more timely after-sales service as compared to its competitors who are all foreign-based.

The close proximity to customers along with the cost competitive manufacturing infrastructure of our Group allows for the provision of cost effective solutions to customers as compared to competitors.

(iii) Integrated research, design, development and manufacturing capability

The core competency of our Group lies in the integrated approach we adopt for our manufacturing process. Test solutions can be designed from ground up, design, prototyping and commercial production. This approach allows our Group to devise specific test solutions to address very specific and precise requirements of a very diverse and demanding industry.

Being a manufacturing company specialising solely in the manufacturing of test probes in Malaysia, our Group is actively involved in the R&D and innovation of new and better test probes for the market. Unlike its other local competitors, our Group's focus on the production of test probes has led to the set-up of our own R&D Department which specialises on test probes, giving our Group the ability to constantly keep abreast of and improve upon the latest test probe designs. The R&D department is essentially the reason why our Group's products are able to compete with those which are imported from established overseas producers.

In addition, our Group intends to merge two technological pathways in the industry, the test probe and the test socket technologies. This probe-socket approach will allow our Group to

4. INFORMATION ON OUR GROUP *(Cont'd)*

customise test solutions whereby the probes and sockets will have a 100% alignment and thus increase hit rate incidence between the probes and the PCB. This in turn will result in a solution that delivers a high degree of accurate results. Our Group intends to be a major innovator in this probe-socket technology approach.

(iv) Capital-intensive nature

For a new entrant aspiring to enter the test probe industry, an average capital of around RM8 million is needed for plant and machinery and working capital. The sophisticated machinery include CNC machines, cross-section equipment and tampering machines, as well as various laboratory equipment for quality assurance, like energy dispersive X-ray spectroscopy ("EDX"), network analyser, precision measuring equipment, and inductance, capacitance and resistance meters. Besides investing in a new plant, potential players who intend to venture into the test probe industry increasingly face costly transitions to new technology nodes.

(Source: Independent Market Research Report by D&B)

(v) Steep learning curve

There is an observed tendency for unit costs to decline as a test probe manufacturer gains more cumulative experience in producing a product. The costs decline because the workers improve their methods to become more efficient, layout improves, better performance is coaxed from the equipment, specialised equipment and processes are developed, product design changes make manufacturing more user-friendly, techniques for control of operations improve, among others. The cost declines with experience arising from the individual operations or functions.

New entrants will inherently absorb higher costs than established players and must bear heavy start-up losses from below or near cost-pricing in order to gain the experience to achieve cost parity. Many test probe manufacturers build successful strategies based on the learning curve through aggressive investments to build cumulative volume during the growth stage of the industry, often by pricing in anticipation of future cost declines.

(Source: Independent Market Research Report by D&B)

(vi) High switching costs

Often, there is a high switching cost involved in selecting test probe vendors. Adding or changing a test platform is a large investment, not only in capital outlay, but also in infrastructure costs, including engineering and manufacturing software environment and tools, training, hardware interfaces and maintenance. In other words, they are application specific. The support services comes direct from the vendor, rather than from a third party supplier. Hence, a new entrant into the industry may face high difficulties in persuading an existing user to switch to its product range.

(Source: Independent Market Research Report by D&B)

(vii) Recognised quality and established brand name for products

The clientele base of our Group consists of MNCs. These companies practice strict adherence to stringent quality policies and only accept supplies from reliable suppliers which meet these world class standards.

The acceptance of our Group as one of their preferred suppliers by these well-established companies, such as SRM, Ismeca Malaysia Sdn Bhd (a Swiss-owned company), Carsem (M)

4. INFORMATION ON OUR GROUP *(Cont'd)*

Sdn Bhd and National Semiconductor Sdn Bhd, is a testament to the quality of our Group's products.

Going forward, our Group also recognises the importance of having established brand names for its products, in order to ensure the visibility of its products and recognition for the innovative efforts of our Group.

To-date, our Group has submitted for registration two (2) brand names intended for our new generation of test probe designs, namely "LasakTM" and "TestmoreTM". Whilst the design for the TestmoreTM range of test probes is still under R&D, the sales of LasakTM pins have commenced since December 2006.

4.4 SUBSIDIARIES

4.4.1 J Foong (482199-U)

(i) History and business

J Foong was incorporated as a private limited company in Malaysia under the Act on 29 April 1999 and had commenced business since then. J Foong is principally involved in the manufacturing and trading of electronic products and components.

The history of J Foong is found in Section 4.2.1 of this Prospectus.

(ii) Share capital

J Foong has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which all shares have been issued and fully paid-up.

The changes in the issued and paid-up share capital of J Foong since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
29.04.1999	2	1.00	Subscribers' shares	2
08.12.1999	49,998	1.00	Cash	50,000
28.06.2000	50,000	1.00	Cash	100,000

(iii) Substantial shareholder

J Foong is a wholly-owned subsidiary of JF Tech.

(iv) Subsidiaries and associated companies

As at the Latest Practicable Date, J Foong does not have any subsidiaries or associated companies.

4.4.2 JF Micro (718186-U)

(i) History and business

JF Micro was incorporated as a private limited company in Malaysia under the Act on 14 December 2005 and had commenced business since then. JF Micro is principally involved in the design, development, custom manufacture and sale of integrated circuit test sockets,

4. INFORMATION ON OUR GROUP (Cont'd)

interconnect, test solutions and equipment for the semiconductor and electronic assembly markets.

The history of JF Micro is found in Section 4.2.1 of this Prospectus.

(ii) Share capital

JF Micro has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 200,000 shares have been issued and fully paid-up.

The changes in the issued and paid-up share capital of JF Micro since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
14.12.2005	2	1.00	Subscribers' shares	2
20.03.2006	199,998	1.00	Cash	200,000

(iii) Substantial shareholder

JF Micro is a wholly-owned subsidiary of JF Tech.

(iv) Subsidiaries and associated companies

As at the Latest Practicable Date, JF Micro does not have any subsidiaries or associated companies.

4.5 INDUSTRY OVERVIEW

4.5.1 The global economy

Global growth in 2007 is forecasted to continue expanding, albeit at a more moderate pace, amidst high crude oil prices and uncertainties in the economy of the US. While growth is relatively lower than the 2006 performance, it is nonetheless expected to remain strong with further expansion in economic activities, especially in the fast-growing emerging economies such as China, India and Russia. Global inflation remains at manageable levels although it has edged upwards due to high crude oil prices. With spare capacity still limited, supply shocks or heightened geopolitical concerns could lead to further price spikes that could quickly translate into higher headline inflation.

A global growth of 5.2% is anticipated in 2007. However, global growth is expected to slow down in 2008, although remaining at a buoyant pace. In the US, ongoing difficulties in the mortgage market are expected to extend the decline in residential investment, while higher energy prices, sluggish job growth and weaker house prices are likely to dampen consumption spending. The US economy is expected to maintain only moderate growth through the end of 2008. However, among the emerging markets, economic growth is expected to remain very strong. Strong domestic demand growth in these countries is anticipated to counterbalance continued moderate growth in the US.

Global Real Gross Domestic Product ("GDP") Growth, 2001-2008^f

Growth (%)	2001	2002	2003	2004	2005	2006	2007 ^e	2008 ^f
World GDP	2.5	3.1	4.0	5.3	4.8	5.4	5.2	4.8
Advanced Economies	1.2	1.6	1.9	3.2	2.5	2.9	2.5	2.2
US	0.8	1.6	2.5	3.9	3.1	2.9	1.9	1.9
Japan	0.2	0.3	1.4	2.7	1.9	2.2	2.0	1.7
Euro area *	1.9	0.9	0.8	2.0	1.5	2.8	2.5	2.1
China	8.3	9.1	10.0	10.1	10.4	11.1	11.5	10.0

4. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- * Indicates member countries of the Euro area (Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, Netherlands, Portugal, Spain).
 e estimate
 f forecast

(Source: Independent Market Research Report by D&B)

4.5.2 The Malaysian economy

Growth prospects for the Malaysian economy remain favourable in 2007, despite uncertainties in the global economic environment. Strong domestic economic fundamentals will enable the economy to expand at 6.0% in 2007. On the supply side, output growth is supported by expansion in all sectors of the economy. Meanwhile, on the demand side, growth is projected to be driven by resilient domestic demand of both the private and public sectors, largely due to stronger consumer sentiment and business confidence as well as higher government spending. On the external front, Malaysia is expected to record a smaller trade surplus, as import growth picks up momentum in line with increasing domestic economic activities.

The Malaysian economy is anticipated to strengthen further to between 6.0% and 6.5% in 2008, with positive contributions from all sectors of the economy. Domestic demand is projected to be the main driver of the economy, while external demand is expected to pick up in tandem with improved prospects in global trade. Both private investment and consumption spending are expected to remain robust, while public expenditure continues to expand. Finally, the Malaysian economy is expected to remain resilient on the back of a well-diversified and broad-based structure, as well as strong macroeconomic fundamentals, which have strengthened over the years.

Annual Change in Real GDP by Sector, 2001-2008^f (2000 prices)

Growth (%)	2001	2002	2003	2004	2005	2006	2007 ^e	2008 ^f
GDP	0.5	5.4	5.8	6.8	5.0	5.9	6.0	6.0-6.5
Agriculture	-0.2	2.9	6.0	4.7	2.6	5.2	3.1	3.5
Manufacturing	-4.3	4.1	9.2	9.6	5.3	7.1	3.1	3.8
Mining and quarrying	-1.7	4.4	6.1	4.1	-1.3	-0.4	3.3	4.0
Construction	3.3	2.3	1.8	-0.9	-1.8	-0.5	5.2	6.3
Services	4.1	5.8	4.2	6.4	6.7	7.2	9.0	8.6

Notes:

- e estimate
 f forecast

(Source: Independent Market Research Report by D&B)

4.5.3 The manufacturing sector in Malaysia

The manufacturing sector is projected to expand by 3.1% in 2007, supported by domestic-oriented industries, particularly chemicals and chemical-oriented industries, food and construction-related industries. In line with the expansion in global trade in manufactured products, the manufacturing sector is anticipated to increase by 3.8% in 2008. This is expected to benefit Malaysia's export-oriented industries, including electrical and electronics products. The output of resource-based products is anticipated to expand due to strong demand for refined petroleum products, plastics, chemicals, rubber gloves and wooden furniture and fixtures. Further expansion is expected in the non-metallic mineral products and metals industries, supported by increased activities in the construction sector.

The development of a strong and dynamic SME sector is an important economic agenda of the government. Industry deepening is especially applicable to the SMEs. Rapid technological advancements as well as trade liberalisation and globalisation have placed a severe strain on the SMEs. In promoting the industry deepening process, a core element is the supporting industries, which are mostly SMEs. Having a strong supporting industry base enables less reliance on foreign imports. It can

4. INFORMATION ON OUR GROUP *(Cont'd)*

also create additional employment as well as provide linkages between the large companies and SMEs. A strong supporting industry can also assist the growth of SMEs through subcontracting arrangements and lead to the further development of local entrepreneurs, resulting in a higher utilisation of domestic resources. Recognising the SMEs as an endogenous engine of growth, the government's current development focus is on SMEs with the capability to manufacture products with higher intellectual property content using the requisite human capital.

(Source: Independent Market Research Report by D&B)

4.5.4 Electronics industry

Since the early seventies, the electronics industry in Malaysia has been dominated by the production of electronic components, which accounted for between 80% and 85% of output. However, there has been a shift in the composition of the industry since 1990, due to an increased emphasis placed on both consumer electronics and industrial electronics. Nonetheless, the electronic components segment still accounted for the largest portion of the electronics industry in the country. The years spent in the learning curve has made Malaysia one of the world's leading location for semiconductor test, packaging and assembly. As the electronics industry is very wide, it can be further subdivided into three (3) segments, namely, electronic components, consumer electronics and industrial electronics.

Basically, semiconductor products are microprocessors which form the basic circuitry elements for the functioning of other electronic and electrical products. The production of semiconductors comprises five (5) manufacturing steps of processes, which are design, mask, fabrication, assembly and testing of chips.

Since the establishment of the first semiconductor plant in 1972, the semiconductor industry has developed rapidly to become one of the country's major industries within the manufacturing sector. At that time, many foreign investors flocked into the country to take advantage of the abundant and cheap labour.

Although the activities of chip manufacturing in the country are mainly dominated by lower-end assembly and testing of semiconductor devices, the industry is gradually moving into higher-end chip manufacturing technology, via backward integration into silicon ingot growing, cutting and polishing of silicon wafers, chip design and wafer fabrication. Malaysia is currently among the world's leading sites for semiconductor assembly, testing and packaging.

The electronics industry remained the leading contributor to export earnings, investments, industrial output and employment in the country. The continued presence of major MNCs has benefited the industry, in terms of technological progress and skills development. It has also encouraged the development of locally-owned supporting industries, in the supply of equipment, materials, component parts and dedicated services. There is a migration up the value chain to more complex and high-end products, as reflected by a higher percentage of capital investment per employee ratio throughout time. Other activities along the value chain of the electronics industry include R&D, marketing, distribution, logistics and procurement.

(Source: Independent Market Research Report by D&B)

4.5.5 Semiconductor industry

Chip makers face constant booms and busts in demand for their products in the market. On average, each cycle is estimated to take around four (4) years. However, its application markets are so numerous - computers, communications infrastructure, automotive, consumer products etc; that it is unlikely that excess capacity in one segment will bring the whole industry down. In other words, different markets peak and bottom out at different times. Historically, the semiconductor industry has been highly cyclical with recurring periods of over supply, which often has had a severe negative effect on demand for test equipment, systems and services along the supply chain.

4. INFORMATION ON OUR GROUP *(Cont'd)*

The semiconductor industry has become increasingly cyclical, driven over the years by economic conditions and transitory technological mutations. Market growth and fall cycles have shortened, while technological advancements, characterised by greater integration complexities, the transition to submicron manufacturing and wider use of SoCs have had an evolutionary impact on testing requirements. Today, the chip makers are seeking lower cost tests, shorter time-to-market and added functionalities. These demands are driving out conventional testing methods and prompting the development of more versatile ATEs, along with the associated test probes. Meanwhile, the growing significance of mixed-signal design in devices has magnified the complexities that the test probe manufacturers must address.

(Source: Independent Market Research Report by D&B)

4.5.6 Differing segments/sectors

Generally, the test probes industry can be divided into two segments, the cantilever type (has a cantilever spring arm) and pogo pin type (has an internal spiral spring). In addition, pogo pins incorporate a plunger, a barrel and a spring. A Kelvin test probe, which is categorised under the cantilever type, consists of double probes and is typically used for sensitive resistance measurements at analogue/mixed applications. The basic electrical principle behind it is that two (2) independent electrical connections to the device lead can compensate for the parasitic resistances between the device under test and the ATE.

(Source: Independent Market Research Report by D&B)

Currently, our Group is only involved in the production of cantilever type test probes. Moving forward, we will commence production of pogo pin type test probes as detailed in Section 4.3.3 above.

4.5.7 Market coverage

The market coverage of our Group is depicted as follows:

	2006
JF Tech	6.9%
Other local companies	1.1%
Others (import)	92.0%
Total	100.0%

The demand or market size for cantilever type test probes (used for testing electronic transistors and ICs) is estimated at around 3.7 million pieces in Malaysia in 2006. This includes both domestically produced and imported cantilever type test probes. Based on the number of electronic transistors and ICs manufactured in Malaysia in 2006, domestically-produced cantilever type test probes accounted for 8% of the market while imported cantilever type test probes took up the remaining 92%. Out of the 8% market share held by domestic companies, our Group is estimated to account for a market share of 6.9% while the balance of 1.1% is manufactured by the other local companies.

(Source: Independent Market Research Report by D&B)

4.5.8 Industry players and competition

Regionally, many of the bigger overseas suppliers of test probes have either a sales office or distributor to represent their products, located in Singapore. Eberts Electronics (S) Private Limited is the sales office in Singapore for Eberts Electronics Sales Inc. based in the US. The other US-based companies are represented by their distributors in Singapore; Johnstech International Corporation is represented by UST Technology Private Limited; Precision Contacts, Inc. by Sertec International (Singapore) Private Limited; and Synergetix by Petracarbon Private Limited.

4. INFORMATION ON OUR GROUP (Cont'd)

There are also three (3) indigenous companies in Singapore and they are AEM-Evertch Holdings Limited, Testmax Manufacturing Private Limited and Zen Voce Manufacturing Private Limited. These companies based in Singapore also market their test probes to the end-users in Malaysia, due to the geographical proximity.

Suppliers of Test Probes in Singapore

Name of Company	Country of Origin	Sales Office / Distributor / Manufacturer
Eberts Electronics Sales Inc.	US	Eberts Electronics (S) Private Limited
Johnstech International Corporation	US	UST Technology Private Limited
Precision Contacts, Inc.	US	Sertec International (Singapore) Private Limited
Synergetix	US	Petracarbon Private Limited
AEM-Evertch Holdings Limited	Singapore	-
Testmax Manufacturing Private Limited	Singapore	-
Zen Voce Manufacturing Private Limited	Singapore	-

A very high proportion of the test probes used in Malaysia are imported from overseas. However, there is no trade classification for test probes as a category by itself, under the Harmonised System ("HS"). Our Group is specialising solely in the manufacturing of cantilever type test probes in Malaysia, unlike the other manufacturing companies which are also involved in other business activities. As a specialist in the industry, it is able to provide value added and customised solutions in the area of test probes, for the needs of its clients in the semiconductor industry.

There are another three (3) companies involved in the manufacturing of cantilever type test probes using electrical discharge machines. They include Elemec Engineering Sdn Bhd and TKE Technology Sdn Bhd. They are basically metal fabrication companies, engaged in manufacturing a wide variety of component parts for the electronics industry. Hence, the manufacturing of test probes is not the principal core activity of these companies. Similarly, there is BIM Technologies Sdn Bhd, whose principal core activity is in the repair of printed circuit boards, rather than the manufacturing of cantilever type test probes. The other suppliers of test probes in Malaysia include AEM Microtronics (M) Sdn Bhd, a subsidiary of AEM-Evertch Holdings Limited of Singapore; Eberts Penang office of Eberts Electronics Sales Inc; Rika Denshi Malaysia Sdn Bhd (a Japanese-based manufacturer); Petracarbon Sdn Bhd, the sales office of Petracarbon Private Limited of Singapore; and Wellegion Industries (M) Sdn Bhd; the sales office of Testmax Manufacturing Private Limited of Singapore.

Suppliers of Test Probes in Malaysia

Name of Company	Country of Origin	Sales Office / Distributor / Manufacturer
JF Tech Group	Malaysia	-
BIM Technologies Sdn Bhd	Malaysia	-
Elemec Engineering Sdn Bhd	Malaysia	-
TKE Technology Sdn Bhd	Malaysia	-
Eberts Electronics Sales Inc.	US	Eberts Penang office
Rika Denshi Malaysia Sdn Bhd	Japan	-
AEM-Evertch Holdings Limited	Singapore	AEM Microtronics (M) Sdn Bhd
Petracarbon Private Limited	Singapore	Petracarbon Sdn Bhd
Testmax Manufacturing Private Limited	Singapore	Wellegion Industries (M) Sdn Bhd

(Source: Independent Market Research Report by D&B)

4. INFORMATION ON OUR GROUP *(Cont'd)*

4.5.9 Government legislation, incentives and policies

Legislation

JF Micro has a manufacturing license issued by MITI, under the Industrial Coordination Act, 1975. It aims to secure the orderly development and growth of the country's manufacturing sector.

Under the Factories and Machinery Act, 1967, any employees in the factory exposed to a wet or dusty process, to noise, heat or any poisonous, corrosive or other injurious substance which is likely liable to cause bodily injury to them, may be provided with suitable and adequate personal protective clothing and appliances. They include goggles, gloves, leggings, caps, foot wear and protective ointment or lotion. Both the foundations and floors of the factory shall be of sufficient strength to sustain the loads for which they are designed; and no foundation or floor shall be overloaded.

Test probe manufacturers are also subjected to the Occupational Safety and Health Act, 1994. This act is enforced by the Ministry of Human Resources under the Department of Occupational Safety and Health ("DOSH"). Under this act, the employer has a duty to protect the safety, health and welfare of all his employees. The act requires the employer to:

- provide and maintain plant or equipment and systems of work that are safe and without risks to health;
- make arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant;
- provide information, instruction, training and supervision as is necessary to ensure the safety and health of the workers; and
- maintain his place of work to ensure it is safe and without risks to health.

The employer shall also ensure that no worker shall be employed at any machine or in any process, being a machine or any process liable to cause bodily injury, unless he has been fully instructed as to the dangers likely to arise in connection therewith and the precautions to be observed. The worker must receive sufficient instruction in work at the machine or process; or is under adequate supervision by a person who has knowledge and experience of the machine or process.

Lastly, both effective and suitable provision shall be made for securing and maintaining adequate ventilation by the circulation of fresh air in every part of the factory and for rendering harmless, so far as practicable, all gases, fumes, dust and other impurities that may be injurious to health arising in the course of any process or work carried on in the factory.

The European Union has enacted legislation to prohibit the use of lead in electronics manufacturing. In this region, China, Japan and South Korea are also phasing out the use of lead in manufacturing, and many global electronics manufacturers are requiring their suppliers to certify that their company's products will support their lead-free initiatives. Lead is very poisonous and is recognised as one of the most significant environmental health threats to humans. The global electronics industry has started to move towards reducing the use of hazardous substances, before local or global regulations come into force.

With the announcement of lead-free initiatives across several countries, the implementation of lead-free electronic packaging is gaining momentum globally. A vast number of back-end service providers are trying to implement this, with each packaging technology being compatible with industry lead-free solders. This gives end users the flexibility to utilise and meet their needs.

The European Union has also enforced a new ruling on "green" guideline in the Waste from Electrical and Electronics Equipment Directive 2002/96/EC. This guideline outlines the responsibilities of both producers and exporters for the treatment, recovery and disposal of electrical and electronics equipment.

4. INFORMATION ON OUR GROUP (Cont'd)

Incentives

The manufacturing of test probes and IC circuit test sockets is promoted by MIDA. A company engaged in the manufacturing of these products is considered a high technology company in Malaysia. In addition, a high technology company must ensure that the percentage of R&D expenditure to gross sales should be at least 1% on an annual basis. A company has three (3) years from its date of operation or commencement of business to comply with this requirement. Also, scientific and technical staff having degrees or diplomas with a minimum of five (5) years of experience should comprise at least 7% of the company's work force.

In this context, JF Micro is considered a high technology company and has obtained Pioneer Status certification on 26 January 2007. A high technology company qualifies for pioneer status with a tax exemption of 100% of statutory income for a period of five (5) years. Accumulated losses and unabsorbed capital allowances incurred during the pioneer period by companies whose pioneer status will expire on and after 1 October 2005 are allowed to be carried forward and deducted against post-pioneer income of a business relating to the same promoted activity or promoted product. Alternatively, a high technology company also qualifies for an investment tax allowance ("ITA") of 60% (100% for promoted areas) on the qualifying capital expenditure within five (5) years from the date the first qualifying capital expenditure is incurred. The allowance can be utilised to offset against 100% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until the whole amount has been fully utilised.

Policies

Under the 9MP, the government will continue to promote the development of the electronics industry, in view of its extensive linkages to the national economy. Besides attracting the MNCs, the domestic manufacturers will be encouraged to focus on improving the sophistication level of their products, in terms of quality, functionality and design. This is to facilitate the development of the relevant skill sets and expertise, technology know-how and R&D capabilities to move the electronics industry further up the value chain.

As many of these supporting industries to the electronics industry falls under the SME category, the government plans to formulate strategies that will propel the SMEs up the value chain into strong knowledge-intensive and value creating entities in the manufacturing sector, so as to meet the challenges of globalisation. There will be increased emphasis placed on technology development capabilities to establish technological leadership, achieve product and services differentiation as well as to create a larger number of local technology-based companies. This is through the provision of appropriate infrastructure, technology transfer and better access to financing. The R&D focus in the semiconductor industry is anticipated to cover fabrication, test and failure analysis, digital and analogue design of IC and advanced microelectronics.

Under the Third Industrial Master Plan 2006-2020 ("IMP3"), the electronics industry is envisaged to continue to grow and contribute significantly to industrial progress and transformation. The MNCs will continue to assume a significant role in increasing the technology level of the industry, in tandem with the global trend in miniaturisation and convergence of technologies in multifunctional product. Testing activities will be part of the development of the entire semiconductor value chain. Towards realising the objectives and targets set for the electronics industry, seven (7) strategic thrusts have been established and they are as follows:

- Strengthening and deepening the semiconductor industry

The semiconductor industry will be further strengthened through the establishment of a fully developed semiconductor cluster covering the north-western corridor in the peninsula, including Penang, Perak, Kulim High Technology Park and the neighbouring industrial areas of Kedah;

4. INFORMATION ON OUR GROUP *(Cont'd)*

- Deepening and widening the development of the ICT industry

The industrial electronics segment will be further developed through the enhancement of the ICT value chain. The value chain, presently centred around the Multimedia Super Corridor (“MSC”) in the Klang Valley, will be progressively expanded to designated areas around the country;
- Intensifying R&D and design activities

Measures will be introduced to promote the specialisation of R&D activities and the creation of centres of excellence among existing R&D centres in the public universities and research institutes, so as to facilitate the development of new and emerging technologies;
- Promoting the application of new and emerging technologies

The application of new and emerging technologies like nanotechnology, MEMS, photonics, wireless technologies and advanced display technologies will be encouraged to improve the competitiveness of domestic companies;
- Integrating the industry into regional and global supply chain networks

Measures will be undertaken to nurture the existing domestic companies with the growth potential to expand and integrate into the regional and global supply chain networks, as well as become major producers on their own;
- Making available a sufficient supply of highly skilled and innovative workforce

There will be undertakings in the development of the required human resources in the industry, so as to ensure that skilled personnel and a qualified workforce will be readily available; and
- Strengthening the institutional support for the development of the electronics industry

Institutional support include continuous improvements in total factor productivity, the formulation of a standardised quality control management system, management and disposal of scheduled wastes and strengthening the role of industry associations, so as to further develop the industry.

(Source: Independent Market Research Report by D&B)

4.5.10 Demand and supply conditions

Basically the demand for test probes (both the cantilever type and pogo pin type) is a function of the growth and expansion of the semiconductor industry in Malaysia, particularly in the back-end activities, as illustrated in Sections 4.5.4 and 4.5.5 of this Prospectus.

A very high proportion of the test probes used in Malaysia are imported from overseas. Currently, our Group is specialising solely in the manufacturing of cantilever type test probes in Malaysia, unlike the other manufacturing companies which are also involved in other business activities. As a specialist in the industry, it is able to provide value added and customised solutions in the area of test probes, for the needs of its clients in the semiconductor industry. In addition, although the manufacturing processes of test probes are almost automated using advanced computerised machines in various stages, the final step of assembly is done manually, as it involves miniaturised component parts. Hence, this step cannot be automated and is an inherent characteristic of the industry. Therefore, companies which are involved in the assembly of test probes in Malaysia possess a comparative advantage, due to the relatively lower costs of labour, as opposed to the assembly process conducted in the developed countries, where it would entail a higher labour cost.

4. INFORMATION ON OUR GROUP *(Cont'd)*

(Source: Independent Market Research Report by D&B)

Hence, we are confident that there is still room to expand further the local supply of test probes to meet the growing demand.

4.5.11 Substitutes

As technological development in semiconductors gathers pace, new generations of cores emerge. A core refers to a broad category of materials that are recognised as proprietary to an organisation. In the electronics field, an IP core refers to the specific portions of a chip or “building blocks” that are proprietary and/or patented designs of a particular company. These IP “blocks” or cores can then be sold to customers as commodity parts for new designs.

Test tools must support testing for both new and older generation cores. The existence of proprietary SoC cores is a problem in that SoC integrators cannot gain a deeper understanding of core architecture. This means that there are several testing methods available, none of which are suitable for every type of core. Ultimately, the quality of products is affected. The revolutionary change will come in the form of more on-chip self-test solutions to lighten the load on conventional external ATEs. BIST functionality that is managed within the cores would be an ideal solution.

With the widespread proliferation of SoC, DFT and/or BIST is likely to be the proposition. Traditionally, DFT/BIST has been considered a back-end process, but it is now accepted that tests must be facilitated during the design process to ensure the highest fault coverage and shortest production test time. The consensus also seems to be that an optimal DFT/BIST strategy would better handle the challenges posed by SoC technology. The emergence of SoC has seen a lot of integration of analogue, mixed signal and RF blocks - with the average IP cores on a single chip reaching between thirty (30) and sixty (60). So, in addition to established DFT approaches such as scan techniques, there is a need for BIST to provide an extremely efficient fault coverage mechanism.

The typical SoC contains a large number of BIST controllers associated with a specific device under test. The BIST test circuitry implements the vector generation and analysis capabilities on the chip. BIST then runs all tests at-speed, which is a great advantage. The BIST controller can initiate tests using the same access points as that of the boundary scan. Additionally, DFT/BIST addresses numerous SoC testing problems that are current. However, implementing DFT and BIST test structures do have its drawbacks. For example, there could be interference with high-speed critical paths that derails the chip's performance. Numerous issues relating to wafer yield, die size and device packaging also have to be considered. Adding DFT/BIST structures creates a silicon overhead, which lowers the number of devices per wafer. Bigger dies could mean lower yields. Hence, implementing BIST also requires early planning and considerable development time.

(Source: Independent Market Research Report by D&B)

4.5.12 Prospects and outlook of the industry

Rising trend towards outsourcing

In today's competitive business environment, many chip makers are looking at outsourcing as a way to streamline time-to-market and minimise cost-to-manufacture, given the flexibility it provides. Outsourcing has also been extended towards the vendors for testing. By outsourcing the testing, both the chip makers and the packaging and test companies can experience a number of benefits like the avoidance of a large capital expenditure associated with the purchase and maintenance of assembly and test equipment, the elimination of the hiring costs of staffing testing operations as well as steering clear of the investments required for R&D at the back-end. Collectively, increasing global competition, additional complexity from more stringent environmental standards and rising price pressures from consumers have forced the original equipment manufacturers (“OEMs”) to reduce costs.

4. INFORMATION ON OUR GROUP (Cont'd)

The new generation of ATE ranges in price between RM11 million and RM17 million. This expense is difficult to justify. In addition, to remain competitive, a chip maker would need to invest in regular upgrades to this equipment. The packaging and test companies can invest in top-of-the-line ATE and spread these costs across multiple customers, thus enabling them to provide high quality services at a lower cost. The outsourcing process extends along the whole value chain, until it reaches the test probe manufacturers.

The chip makers are also turning to vendors to assist them to meet shorter time-to-market development cycles on lower volume devices. The typical volume for a complex semiconductor ranges between 200,000 and 1 million units per year, and the product lifecycles are often measured in months. To fully test one of these devices require customised equipment and engineering support that is often outside the scope of expertise of many chip makers. Many of these chip makers would rather invest in developing IP for the next generation chip, instead of buying the associated test equipment.

Upsurge in semiconductor industry

The growth in the test equipment market, including test probes, is being spurred by the chip makers as they invest in state-of-the-art plants using 300 mm fabs and 65 nm technology. There is increasing capacity utilisation levels in the chip fabrication plants as semiconductors are in demand in the market again. In particular, flash memory chip market used for storage is growing faster than any other markets in the history of semiconductors. It offers fast access time and low power consumption. As they can store data when the batteries are removed from a device, and in the process cutting off the power supply, flash memory is a key element in cellular phones and digital cameras, as well as the ubiquitous thumb drives. Other gizmos that utilise flash memory include the portable music players, video cameras and game consoles. The other factors triggering the mounting demand for all forms of semiconductors include the rising proportion of electronics in automobiles and the increasing levels of automation spanning various industries.

Convergence between computers and telecommunications

The convergence between the computers and telecommunications industries due to both technological advancement and product innovation is expected to create new demand for mobile devices and applications. Both smart phones and PDAs are projected to experience high growth, driven by both fashion trends and the wider availability of wireless fidelity connected hotspots. The explosion of the Internet is leading the way to a mobile, connected world, where hand-held devices and smart appliances of all sorts make for one large, seamless network.

In addition, the widespread introduction of 3G services is likely to impact the test probe market positively. This is mainly due to the growing popularity of camera phones, broadband connectivity and expanding mobile contents, amongst others. In particular, the cellular phone market is also spurring the sales of semiconductors, as a 3G cellular phone has a semiconductor content of 25% more (than the previous generations) to support digital cameras, colour displays and wideband data capacity.

Growth in consumer electronics market

Due to rising affluence and changing lifestyles, consumer electronics are rapidly gaining prominence. Digitalisation, miniaturisation and mobility are the key elements for modern consumer electronics. The transition from analogue to digital technology has ushered in an era of improved functionality, which combined with greater penetration of home personal computers ("PCs"), allow consumers to easily and quickly upload/download brighter and clearer digital images.

Consumer electronics have been the main driver behind surging sales of semiconductors globally. More than half of the chips sold globally end up in consumer products. They include digital televisions, digital cameras and digital versatile recorders. For example, digital televisions contain higher semiconductor content than the standard television. The full-scale shift from analogue to digital television broadcasting in the developed countries (2009 in the US and 2011 in Japan) will also spark demand for more semiconductors. The semiconductor content of the latest generation of consumer

4. INFORMATION ON OUR GROUP *(Cont'd)*

products such as cellular phones, MPEG-1 Audio Layer 3 ("MP3") players and digital cameras accounts for an average of 40% of the cost of such products. The latest emerging technology developments in the field of consumer electronics are focussed on digital home systems like home security and energy control, and telematics, or automotive electronics. These developments are expected to spur the demand for additional semiconductors.

Conclusion

The fast pace of technological developments and the increasingly extensive applications of electronics in the world today will provide tremendous opportunities for the electronics industry to develop further. It was once predicted that the electronics industry would grow larger than the automobile, steel and aerospace industries combined. The industry itself is moving very fast, generating a constant stream of new and more complex devices.

The global shift towards more expansive applications of electronics is anticipated to continue unabated across all industries and services, especially with new developments in information and communications technologies. As a result, the electronics industry will continue to be the main industry for industrial growth and innovation during the 9MP. The electronics industry is expected to account for 29.4% of the manufacturing sector in 2010, up from 28.0% in 2005. Concomitantly, the electronics industry as a whole is anticipated to expand a CAGR of 7.7% under the 9MP, while the semiconductor industry is projected to grow at a CAGR of 6.5%.

Over the last decade, rapid strides have been made in electronic systems design and integration. This trend is expected to continue well into the next decade with the use of ultra high-performance, deep submicron devices operating at below one (1) volt supply voltages. In parallel, research in nano technology and quantum electronics is anticipated to push digital circuit designs into new realms. Over the next 20 years, entire electronic systems consisting of digital, analogue (including radio frequency circuits), optical, chemical and MEMS parts are expected to be integrated into a single chip. The problems of design verification and tests of integrated SoC will assume hitherto unseen proportions.

The continuing rapid advances in wafer fabrication and circuit technologies, as well as the changing nature of the electronics market create big challenges for the test probe industry. As long as there are new product designs, there will be a need for design validation testing. New processes and device structures also add new defect mechanisms that may require additional tests to detect.

The test probe industry will need to evolve to accommodate the many trends affecting IC manufacturing today. At the same time, the cost of test must continue to decline to ensure that the tests do not become the limiting economic factor in producing next-generation devices. It is imperative that the test probes adapt to the industry roadmap for reduced contact sizes and pitches, while ensuring reliable contacts without threatening the structural integrity of the IC contacts and underlying circuitry. Promising advances in test probing technology and techniques provide the reassurance that the test probe industry is rising to meet the emerging challenges. Going forward, new advancements in superconducting materials have given rise to a new breed of products. Using materials such as gallium arsenide, silicon carbide, and now even gallium nitride, researchers have developed chips that exceed silicon in both speed and voltage. This poses a new paradigm for the test probe manufacturers.

(Source: Independent Market Research Report by D&B)

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4. INFORMATION ON OUR GROUP (Cont'd)

4.6 MAJOR CUSTOMERS

Our Group's major customers (i.e those individually contributing 10% or more of our Group's revenue for each of the last three (3) financial years ended 30 June 2007 and four (4)-month financial period ended 31 October 2007) are as follows:

Name of customer	Country	Length of relationship Year	Contribution to Group's revenue			Four (4)-month financial period ended 31 October 2007
			Financial year ended 30 June 2005	Financial year ended 30 June 2006	Financial year ended 30 June 2007	
			%	%	%	%
SRM	Malaysia	7	77.18	86.15	73.51	76.96
Carsem (M) Sdn Bhd	Malaysia	8	13.50	6.16	0.58	0.03
Ismeca Malaysia Sdn Bhd	Malaysia	8	2.35	2.53	12.75	5.53

The details on the possible risk of dependency on SRM is set out in Section 3.1 of this Prospectus.

4.7 MAJOR SUPPLIERS

Our Group's major suppliers (i.e those individually contributing 10% or more of our Group's raw materials and subcontracting costs for each of the last three (3) financial years ended 30 June 2007 and four (4)-month financial period ended 31 October 2007) are as follows:

Name of supplier	Country	Length of relationship Year	Contribution to Group's purchases			Four (4)-month financial period ended 31 October 2007
			Financial year ended 30 June 2005	Financial year ended 30 June 2006	Financial year ended 30 June 2007	
			%	%	%	%
Spectrum Precision Sdn Bhd	Malaysia	6	19.69	11.61	13.82	8.89
Hakko Technologies Sdn Bhd	Malaysia	5	17.52	24.80	16.18	26.72
Total Plating Technology	Malaysia	7	12.14	10.21	10.29	10.40
Photo-Etch (S) Pte Ltd	Singapore	8	19.19	9.27	12.86	8.25
Mesmal Engineering Sdn Bhd	Malaysia	7	11.03	16.70	25.66	26.97

The suppliers of our Group mainly supply the main raw material, i.e. copper and sub-contracting work including cutting, grinding, milling, plating and soldering services to our Group. Our Group is not dependent on any single major supplier for raw material supplies or sub-contracting work.

4.8 FUTURE PLANS AND OUTLOOK

Our Group aims to be a recognised leader in the innovation of probe-socket technology as well as a market leader in the delivery of comprehensive probe-socket technology for test solutions in the fast growing semiconductor industry. Our Group intends to adopt a mission to design, develop and market new products in the field of probe-socket technology. Each product technology will fill a current need in the semiconductor industry by improving upon an existing technology or test probe, or by designing a test probe to serve a need that is clearly defined and acknowledged by the industry.

4. INFORMATION ON OUR GROUP *(Cont'd)*

In order to achieve our vision and mission, we have outlined the following plans over the next three (3) years:

(i) *New product development*

As part of our product development plan to capture wider market share, our Group plans to introduce the following products over the next three (3) years:

- (a) fine pitch test probes for lead-free devices;
- (b) pogo pins;
- (c) test sockets; and
- (d) pogo pin for RF application.

Details of the above new products are set out in Section 4.3.3 of this Prospectus.

(ii) *R&D initiatives*

Our Group intends to adopt an innovation-driven production process. Hence R&D activities and expenditure to fund these activities will feature prominently in the current and future business plans. The high technology environment facing the test probe and test socket industry necessitates this approach as acceptance of our products are performance driven.

Our Group has outlined a number of R&D plans based on the aforesaid product roadmap over the next three (3) years, which are expected, among others, to achieve the following objectives:

- (a) provide a means to sustain and grow the business through the proliferation of new products. The main focus of the R&D activities will be to create new and innovative test solutions to address the current demand. These activities will expand the product lines of our Group, enabling our Group to tap into new markets as well as increase its coverage of the existing markets. A case in point will be the planned development of pogo pins, which will enable our Group to tap into the test solutions for chip packages with matrix pad configuration;
- (b) create competitive advantage for our Group through significant value-adding to meet market demands. Efforts will be expended to improve existing manufacturing processes in terms of production units, production quality and cost efficiency. These will increase the internal value-add in our Group's process, which can be passed on to end-users; and
- (c) increase profitability through proprietary and niche products. Our Group intends to embark on a branding programmes as well as establishing proprietary products to sell to the market. As a start the LasakTM pins are a proprietary product that has significant performance advantage as well as cost advantage to our customers.

(iii) *Marketing initiatives*

The challenge of the market is to create awareness and visibility for the product offering of our Group, in order to penetrate into the preferred supplier lists of the various MNCs. Our marketing and sales strategies are broadly divided to address the distribution issues of the Malaysian market and export market. Our Group will channel adequate resources towards the following:

4. INFORMATION ON OUR GROUP (Cont'd)

- (a) expansion to overseas market;
- (b) expanding sales and marketing workforce; and
- (c) promoting brand visibility.

The test probe industry will need to evolve to accommodate the many trends affecting IC manufacturing today. At the same time, the cost of test must continue to decline to ensure that the tests do not become the limiting economic factor in producing next-generation devices. It is imperative that the test probes adapt to the industry roadmap for reduced contact sizes and pitches, while ensuring reliable contacts without threatening the structural integrity of the IC contacts and underlying circuitry. Promising advances in test probing technology and techniques provide the reassurance that the test probe industry is rising to meet the emerging challenges. Going forward, new advancements in superconducting materials have given rise to a new breed of products. Using materials such as gallium arsenide, silicon carbide, and now even gallium nitride, researchers have developed chips that exceed silicon in both speed and voltage. This poses a new paradigm for the test probe manufacturers. *(Source: Independent Market Research Report by D&B)*

The various key strategies of our Group for the financial years ending 30 June 2008 to 30 June 2010 which are detailed in Section 10 of this Prospectus, have been formulated to enable our Group to become one of the market leaders and pioneers in the high growth industry.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of our promoters and/or substantial shareholders

Our promoters and/or substantial shareholders and their shareholdings in our Company before and after the IPO as illustrated below are based on the assumption that their respective entitlements to the Pink Form Shares are fully taken up by the respective parties (where applicable):

	Nationality	Designation	Before IPO			After IPO		
			No. of Shares held	% held	Indirect	No. of Shares held	% held	Indirect
Promoters								
Foong Wei Kuong	Malaysian	Managing Director	62,605,294	68.6	-	62,726,294	49.8	-
Wang Mei Ling	Malaysian	Executive Director	13,205,387	14.5	-	13,455,387	10.7	-
Substantial shareholders								
Foong Wei Kuong	Malaysian	Managing Director	62,605,294	68.6	-	62,726,294	49.8	-
Wang Mei Ling	Malaysian	Executive Director	13,205,387	14.5	-	13,455,387	10.7	-
Wan Wei Yee	Malaysian	-	4,979,697	5.5	-	4,979,697	4.0	-
Kok Kean Loon	Malaysian	-	5,208,660	5.7	-	5,208,660	4.1	-
Low Wan Choon	Malaysian	-	5,208,660	5.7	-	5,208,660	4.1	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

5.1.2 Profiles of our promoters and substantial shareholders

Foong Wei Kuong and Wang Mei Ling are our promoters, substantial shareholders and also directors. Their profiles are set forth in Section 5.2.1 of this Prospectus.

A brief background of the substantial shareholders of JF Tech, apart from the aforesaid, is set out below:

Wan Wei Yee, aged 50, a Malaysian, is a Program Administrator in Getronics Solutions Malaysia Sdn Bhd since 1999. Prior to this, she was a Secretary in Olivetti Malaysia Sdn Bhd since 1987.

Kok Kean Loon, aged 42, a Malaysian, is currently managing his own businesses, Ichem Plastic And Chemical and Chilink Resources since 2005 and 2006 respectively. He obtained his Bachelor of Science in Chemistry from Universiti Malaya in 1991. He started his career with Research Instruments Sdn Bhd as an Applications Chemist after graduation. He joined National Starch & Chemical Sdn Bhd as a Technical Service/Sales Executive in 1993 until 1997. He left and joined Merichem Sdn Bhd as a Sales Manager in 1997 and was subsequently employed as a Sales Executive in Bright Packaging Industry Bhd in the next year. In 2000, he was employed as a Sales Manager in OTS Chemicals Sdn Bhd until he founded his own businesses in 2005.

Low Wan Choon, aged 55, a Malaysian, is the founder and a Managing Director of OTS Chemicals Sdn Bhd since 1999. He obtained his Bachelor of Applied Science from Universiti Sains Malaysia in 1978. He started his career with National Starch & Chemical Sdn Bhd in 1987 as a Sales Manager. He was promoted to Managing Director in 1991 overseeing Malaysian operations and subsequently assigned the responsibility of overseeing Singapore operations in 1993. He joined Bright Packaging Industry Bhd as a Chief Operating Officer in 1997 till 1999 prior to starting his own business.

5.1.3 Promoters' and/or substantial shareholders' directorships and substantial shareholdings in other public corporations for the past two (2) years

None of our promoters and/or substantial shareholders has any directorship and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in any other public corporations for the past two (2) years up to the Latest Practicable Date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

5.1.4 Changes in the shareholdings of our promoters and/or substantial shareholders for the past three (3) years

Save as disclosed below, there has been no change in our promoters' and/or substantial shareholders' shareholdings for the past three (3) years:

Promoters	After the Acquisitions		No. of Shares held	% held	No. of Shares held	% held
	<-----Direct----->	<-----Indirect----->				
Promoters						
Foong Wei Kuong*	62,605,294	-	62,605,294	68.6	-	-
Wang Mei Ling*	13,205,387	-	13,205,387	14.5	-	-
Substantial shareholders						
Foong Wei Kuong*	62,605,294	-	62,605,294	68.6	-	-
Wang Mei Ling*	13,205,387	-	13,205,387	14.5	-	-
Wan Wei Yee*	4,979,697	-	4,979,697	5.5	-	-
Kok Kean Loon*	5,208,660	-	5,208,660	5.7	-	-
Low Wan Choon*	5,208,660	-	5,208,660	5.7	-	-

Note:

* The promoters and/or substantial shareholders did not have any shareholding in JF Tech prior to the Acquisitions.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

5.2 DIRECTORS

5.2.1 Profiles

The profiles of the Directors of JF Tech are as follows:

Foong Wei Kuong, aged 48, a Malaysian, was appointed as the Managing Director of JF Tech on 18 January 2008. He is the co-founder of JF Tech Group. He started his career in 1980 as a Sales Representative when he joined Preston Corporation Sdn Bhd. Subsequently he joined National Starch & Chemical Sdn Bhd as a Sales Executive in 1984. He was promoted to Area Sales Manager in 1992 overseeing the sales team for Northern Peninsular Malaysia. He was subsequently attached to PT Danako Mitra Adhesive, Indonesia ("PT Danako") as a Business Development Manager in 1994. Later in 1996, he was promoted to a Business Development Director of PT Danako where he remained for two (2) years. In 1997, he was General Manager of PT National Starch & Chemical Indonesia ("PT National") overseeing the whole business unit of National Starch & Chemical USA. He left PT National to join Merichem Sdn Bhd as an Executive Director in 1997. Then he left Merichem Sdn Bhd in 1999 and incorporated J Foong in 1999 and JF Mirco in 2005. He is currently responsible for the overall vision and operational directions of the JF Tech Group, and hence he also identifies overall strategies for the Group.

Wang Mei Ling, aged 51, a Malaysian, was appointed as an Executive Director of JF Tech on 18 January 2008. She obtained her LCCI Higher Accounting in 1984. In 1976, she started her career with Loh Piang Wong & Co as an Auditor. She subsequently joined Times Educational Corporation Sdn Bhd as an Accounts Assistant in 1979. In 1981, she joined Syarikat Pembinaan Raya Sdn Bhd as an Accounts Supervisor. She left Syarikat Pembinaan Raya Sdn Bhd to join Pati Ho Hup Sdn Bhd as an Accounts Executive in 1990 until 1994. In 1999, she founded J Foong together with Foong Wei Kuong and is instrumental in the day-to-day operation of J Foong as an Administration and Finance Manager. She subsequently founded JF Micro together with Foong Wei Kuong in 2005 and is also active in the operations of JF Micro as a Finance Director. She presently also oversees the human resources and general administrative activities of the JF Tech Group.

Goh Kok Sing, aged 44, a Malaysian, was appointed as an Executive Director of JF Tech on 18 January 2008. He started his career in 1983 as a Computer Engineer in NCR (M) Sdn Bhd. He joined Henkel (M) Sdn Bhd (previously known as Multicore Solders (M) Sdn Bhd) as a Regional Manager overseeing the technical division for Asia Pacific in 1991. During his twelve (12) years tenure there, he was responsible for providing technical support to multinational customers and other printed circuit board assembly houses and manufacturers. He was also involved in product and manufacturing process development. Following the accumulation of vast experience in the industry, he left Henkel (M) Sdn Bhd in 2003 and founded his own business, Amtech Electronics, which was later converted into a private limited company, named AMT Electronics Sdn Bhd in 2006. The major activity of the said company is in electronic and printed circuit board designs, product development and manufacturing of electronic controllers and sensors for the medical equipment. In July 2006, he was employed as the Chief Technical Officer of J Foong, where he was instrumental in carrying out R&D of the products. He currently leads the technical team of JF Tech Group and responsible to set overall technology direction and R&D efforts of the Group in line with the overall strategies of the Group. He is also responsible for identifying new fields of research for future product development.

Dato' Philip Chan Hon Keong, aged 43, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 18 January 2008. He obtained his Bachelor of Economics Degree and Bachelor of Laws Degree from The University of Sydney, Australia in 1989. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1990. He commenced his practice in Messrs Azalina, Chan & Chia in 1990 and was a partner of the firm until 2000. He joined Skrine as a partner in the Corporate Division in January 2001. Currently he is the co-head of the Banking and Property Unit in Skrine. He also sits on the board of Ecofirst Consolidated Bhd, Scope Industries Bhd and Eksons Corporation Berhad.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

Koay Kah Ee, aged 49, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 18 January 2008. He is a member of Malaysian Institute of Accountants and also a fellow member of the Chartered Institute of Management Accountants ("CIMA"). He obtained his Master of Business Administration Degree from University of Strathclyde, United Kingdom in 1997. He was also a council member of the CIMA for Malaysia division in years 2004 and 2005. He started his career in 1982 as an Assistant Accountant in TNT Skypak International Sdn Bhd. In 1988, he joined National Starch & Chemical (M) Sdn Bhd as a Finance & Administration Manager. Subsequently in 1994, he was employed as the Group Financial Controller of Prestar Resources Berhad, a company listed on the Main Board of Bursa Securities, a position he is currently maintaining. Presently, he also sits on the board of Fotronics Corporation Bhd and Ajinomoto (Malaysia) Berhad.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL
(Cont'd)

5.2.2 Directors' shareholdings in JF Tech

The shareholdings of our Directors in our Company before and after the IPO as illustrated below are based on the assumption that their respective entitlements to the Pink Form Shares are fully taken up by the respective parties.

Directors	Nationality	Designation	Before IPO			After IPO		
			No. of Shares held	% held	No. of Indirect Shares held	No. of Direct Shares held	% held	No. of Indirect Shares held
Foong Wei Kuong	Malaysian	Managing Director	62,605,294	68.6	-	62,726,294	49.8	-
Wang Mei Ling	Malaysian	Executive Director	13,205,387	14.5	-	13,455,387	10.7	-
Goh Kok Sing	Malaysian	Executive Director	-	-	-	75,000	*	-
Koay Kah Ee	Malaysian	Independent Non-Executive Director	-	-	-	300,000	0.2	-
Dato' Philip Chan Hon Keong	Malaysian	Independent Non-Executive Director	-	-	-	300,000	0.2	-

Note:

* Negligible.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

5.2.3 Directors' directorships and substantial shareholdings in other public corporations for the past two (2) years

Save as disclosed below, none of our other Directors has any directorship and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in any other public corporations for the past two (2) years up to the Latest Practicable Date.

Name	Company	Directorship	Date Appointed	Date Resigned	As at the Latest Practicable Date			
					<----Direct----->		<---Indirect---->	
					No. of Shares held	% held	No. of Shares held	% held
Dato' Philip Chan Hon Keong	Ecofirst Consolidated Bhd	Independent Non-Executive Director	12.04.2006	-	-	-	-	-
	Scope Industries Bhd	Independent Non-Executive Director	17.04.2006	-	50,000	0.02	-	-
	Eksons Corporation Bhd	Independent Non-Executive Director	31.05.2007	-	-	-	-	-
Koay Kah Ee	Fotronics Corporation Bhd	Independent Non-Executive Director	29.12.2006	-	-	-	-	-
	Ajinomoto (Malaysia) Berhad	Independent Non-Executive Director	15.11.2007	-	-	-	-	-

5.2.4 Directors' remuneration and benefits

The remuneration and benefits paid to our Directors for services rendered in all capacities to our Group for financial year ended 30 June 2007 amounted to RM710,316. For financial year ending 30 June 2008, the amounts payable to our Directors are estimated at RM1,311,508. Details of the aggregate remuneration are as follows:

Directors	Financial year ended 30 June 2007	Financial year ending 30 June 2008
Foong Wei Kuong	Band 10	Band 13
Wang Mei Ling	Band 7	Band 9
Goh Kok Sing	Band 2	Band 2
Koay Kah Ee	Not applicable	Band 1
Dato' Philip Chan Hon Keong	Not applicable	Band 1

Notes:

Band 1 : Up to RM50,000 per annum

Band 2 : Between RM50,001 to RM100,000 per annum

Band 3 : Between RM100,001 to RM150,000 per annum

Band 4 : Between RM150,001 to RM200,000 per annum

Band 5 : Between RM200,001 to RM250,000 per annum

Band 6 : Between RM250,001 to RM300,000 per annum

Band 7 : Between RM300,001 to RM350,000 per annum

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (*Cont'd*)

Band 8 : Between RM350,001 to RM400,000 per annum
Band 9 : Between RM400,001 to RM450,000 per annum
Band 10: Between RM450,001 to RM500,000 per annum
Band 11: Between RM500,001 to RM550,000 per annum
Band 12: Between RM550,001 to RM600,000 per annum
Band 13: Between RM600,001 to RM650,000 per annum

5.3 CORPORATE GOVERNANCE

The Board of our Company is committed to the principles of corporate governance in the Malaysian Code on Corporate Governance ("Code"). Our Board will continuously evaluate the status of our Group's corporate governance practices and procedures with a view to adopting and implementing the Best Practices of the Code wherever applicable in the best interests of the shareholders.

We have formed three (3) committees, namely the Audit Committee, Remuneration Committee and the Nomination Committee on 18 January 2008.

5.3.1 Audit Committee

Our Committee comprises of the following Board Members:

Name	Designation	Directorship
Koay Kah Ee	Chairman of Committee	Independent Non-Executive Director
Dato' Philip Chan Hon Keong	Member of Committee	Independent Non-Executive Director
Wang Mei Ling	Member of Committee	Executive Director

Our Audit Committee is responsible for the recommendations to the Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by our external auditors and to review and evaluate our Group's internal audit functions and its reports. Our Audit Committee is to also review the risk management framework, its reports and matters relating to related party transactions. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

5.3.2 Remuneration Committee

Our Committee comprises of the following Board Members:

Name	Designation	Directorship
Koay Kah Ee	Chairman of Committee	Independent Non-Executive Director
Dato' Philip Chan Hon Keong	Member of Committee	Independent Non-Executive Director
Wang Mei Ling	Member of Committee	Executive Director

Our Remuneration Committee is responsible for the review of Directors' fees to ensure that they are at sufficiently competitive levels and to recommend and advise the Board on the terms of appointment and remuneration of its members. Our Remuneration Committee is also responsible for the establishment of a formal procedure for developing policies on remuneration packages of individual Directors. Our Remuneration Committee reviews all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

5.3.3 Nomination committee

Our Committee comprises of the following Board Members:

Name	Designation	Directorship
Koay Kah Ee	Chairman of Committee	Independent Non-Executive Director
Dato' Philip Chan Hon Keong	Member of Committee	Independent Non-Executive Director
Wang Mei Ling	Member of Committee	Executive Director

Our Nomination Committee is responsible to review all nominations for the appointment or reappointment of members of the Board and to determine the selection criteria therefore. Our Nomination Committee reviews the criteria for evaluating the Board's performance. Based on the recommendation of the Nomination Committee, the Board will establish processes for evaluating the effectiveness of the Board as a whole. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of Directors.

5.3.4 Re-election of directors

The Directors are appointed by the shareholders of the Company at a general meeting and an election of Directors take place annually. Pursuant to JF Tech's Articles of Association, at least one-third of the Directors are required to retire from office at every annual general meeting of the Company. Further, every Director must retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires.

In accordance with Article 134 of our Articles of Association, the Directors may appoint a person who is willing to act as Director, either to fill a casual vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Pursuant to Article 143 of our Articles of Association, the appointment of a chairman, deputy chairman or managing director shall terminate if he ceases to be a Director, but without prejudice to any claim for damages which he may have for breach of any contract of service. The tenure by a Director of any other executive office or appointment shall not terminate on his ceasing to be a Director unless the terms of his appointment or these Articles expressly otherwise provide.

5.4 KEY MANAGEMENT AND TECHNICAL PERSONNEL

5.4.1 Profiles

The profiles of the key management and technical personnel of our Group are as follows:

Mah Ying Hoe, aged 34, a Malaysian, is the Operations Manager of JF Micro. He graduated with a Bachelor of Engineering Technology from The University of Southern Queensland, Australia in 2005. He started his career as a Maintenance Technician in Carsem Malaysia Sdn Bhd in 1995 and he has worked there for eleven (11) years where he was promoted to various positions. His last position in Carsem Malaysia Sdn Bhd was Maintenance Section Head overseeing two (2) plants in 2006. He was appointed as a Technical Test Engineering Consultant for J Foong in July 2006 and was promoted as the Operations Manager. His current responsibilities in J Foong includes implementation of the company's vision and

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

strategies in production and sales support operations, and to set overall production and sales support goals in line with the strategies of the company.

Raymond Naik Erh, aged 40, a Malaysian, is the Finance and Accounts Manager for the Group. He graduated with a Bachelor (Honours) degree in Accounting and Finance from University of Glamorgan, Wales, United Kingdom in 1994. He started his career in 1995 as an Audit Assistant with Messrs. Allan Ong & Co. Later in the same year, he was attached to Messrs Khoo & Co as an Audit Semi-Senior. Subsequently, he joined SKW Biosystems (M) Sdn Bhd in 1996 as an Accounts Manager. In 1999, he joined INS Enterprise Sdn Bhd, a marketing company, as an Assistant Finance Manager. He was subsequently employed as an Accountant by Milan Auto (M) Sdn Bhd, an automobile company, where he remained for the next four (4) years. In 2005, he joined EA Consulting Asia Pacific Sdn Bhd as an Accountant. He joined J Foong in 2006 as an Accountant. Presently he plays a major role in monitoring day-to-day financial activities for the JF Tech Group and is also involved in management planning and budgeting of the Group.

Tan Chee Keong, aged 37, a Malaysian, is the CAD/CAM Programmer for J Foong. He studied part time and obtained his Diploma in Malaysia Certificate Skill on Mechanical Engineering Drafting from Majlis Latihan Vokasional Kebangsaan Malaysia, Kuala Lumpur in 1999. He started his career in May Plastics Bhd as a Mould Designer in 1993. He subsequently joined MEC R&D Sdn Bhd in 1996 as a Project Engineer. In 1998, he was employed as a Design/Tooling Engineer of Allied Hori Sdn Bhd. He left Allied Hori Sdn Bhd to join Interplex Precision Machining Sdn Bhd as a Process/Planning Engineer and Tooling Coordinator in 2002. He subsequently joined J Foong in 2005. He is currently responsible for the product development and is accountable to translate various concepts into design and prototype.

5.4.2 Key management and technical personnel's shareholdings in JF Tech

The shareholdings of our key management and technical personnel in our Company before and after the IPO as illustrated below are based on the assumption that their respective entitlements to the Pink Form Shares are fully taken up by the respective parties.

Name	Designation	-----Before IPO-----				-----After IPO-----			
		-----Direct-----		-----Indirect-----		-----Direct-----		-----Indirect-----	
		No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Raymond Naik Erh	Finance and Accounts Manager	-	-	-	-	57,000	*	-	-
Mah Ying Hoe	Operations Manager	-	-	-	-	60,000	*	-	-
Tan Chee Keong	CAD/CAM Programmer	-	-	-	-	43,000	*	-	-

Note:

* Negligible.

5.5 INVOLVEMENT OF EXECUTIVE DIRECTOR, KEY MANAGEMENT AND TECHNICAL PERSONNEL IN OTHER BUSINESSES OR CORPORATIONS

Save as disclosed below, none of our Executive Directors, key management or technical personnel is involved in other businesses or corporations.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Position
Goh Kok Sing	AMT Electronics Sdn Bhd	Core business in electronic design, product development and manufacturing of electronic controllers and sensors for the medical equipment	Director

Goh Kok Sing is an Executive Director of our Group and is involved in the day-to-day operations of our Group. He spends approximately 80% of his normal working hours in the management of our Group. He confirms that there is no conflict of interest arising from his involvement in the other business and in his capacity as our Executive Director, and such involvement will not affect his contribution to our Group.

5.6 DECLARATIONS OF PROMOTERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

None of our Promoters, Directors, key management or technical personnel is or was involved in the following events (whether inside or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

5.7 FAMILY RELATIONSHIP

In accordance to Section 122A of the Act, save as disclosed below, there are no family relationships or associations amongst our Promoters, substantial shareholders, Directors, key management and technical personnel.

- (i) Foong Wei Kuong, who is the Managing Director of our Group, is the husband of Wang Mei Ling (our Group's Executive Director); and
- (ii) Wang Mei Ling, who is the Executive Director of our Group, is the wife of Foong Wei Kuong (our Group's Managing Director).

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

5.8 SERVICE AGREEMENTS

Save as disclosed below, as at the Latest Practicable Date, none of our Directors, key management or technical personnel has any existing or proposed service agreements that are not in relation to the standard terms of employment of our Group:

- (i) The service agreement between J Foong and Foong Wei Kuong dated 1 January 2007 for the employment of Foong Wei Kuong as the Chief Executive Officer of J Foong with effect from 1 January 2007. Under the service agreement, Foong Wei Kuong currently receives a monthly salary of RM33,000 in addition to certain other benefits and incentives such as the right to receive a contractual bonus of one (1) month salary, performance bonus based on his performance and the profitability of J Foong, the amount of which shall be determined at the absolute discretion of J Foong for the relevant financial year, company car, traveling expenses, leave passage, medical expenses, club membership etc. J Foong shall be entitled to require Foong Wei Kuong to (among others) perform duties and promote, develop and extend the business of J Foong as well as any of its related corporations.

J Foong shall make a lump sum payment of two (2) months last drawn salary multiplied by number of years of service plus twenty four (24) months salary (last drawn) in the event of an unlawful dismissal of Foong Wei Kuong or a takeover of the company resulting in a change of control in the company.

- (ii) The service agreement between JF Micro and Wang Mei Ling dated 1 January 2007 for the employment of Wang Mei Ling as the Executive Director of JF Micro with effect from 1 January 2007. Under the service agreement, Wang Mei Ling currently receives a monthly salary of RM23,000 in addition to certain other benefits and incentives such as the right to receive a contractual bonus of one (1) month salary, performance bonus which is based on her performance and the profitability of JF Micro and the amount of which shall be determined at the absolute discretion of JF Micro for the relevant financial year, company car, traveling expenses, leave passage, medical expenses, club membership etc. JF Micro shall be entitled to require Wang Mei Ling to (among others) perform duties and promote, develop and extend the business of JF Micro as well as any of its related corporations.

JF Micro shall make a lump sum payment of two (2) months last drawn salary multiplied by number of years of service plus twenty four (24) months salary (last drawn) in the event of an unlawful dismissal of Wang Mei Ling or a takeover of the company resulting in a change of control in the company.

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